

CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

MAY 3, 1982

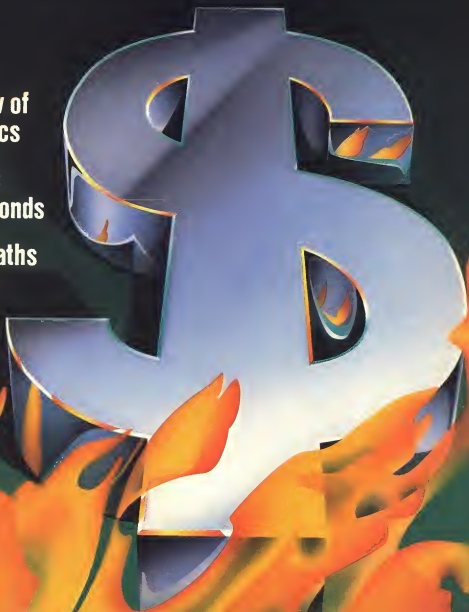
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THE ECONOMY IN CRISIS

The shadow of
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An anxious
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DATELINE: HONG KONG

A golden goose that won't be cooked

By Richard Vokey

Hong Kong is the greatest city in Asia. Mr. Bartlett. Whoever masters it will certainly master Asia. —From James Clavel's *Noble House*.

On an improbable, almost dramatic, Hong Kong appears out of a southern Chinese hinterland of barren, mist-enshrouded mountains. Over a harbor strewn with pinks, freighters and an occasional warship, over the ominous, mist-enshrouded, heavily populated square miles on earth, the aircraft's descent continues toward the next surprise—one of commercial aviation's hairiest right turns. There's not much room in Hong Kong: concrete, glass and \$5 million of capitalism's foremost practitioners are jammed onto a small island and a tiny chunk of mainland, hemmed in by the billion citizens of Communist Asia. Inevitably, just past the crumbing, last-minute, level-out, touchdown is safely achieved. For all the constraints, things get done in Hong Kong, and usually with style.

Will this improbable outpost built by expatriate freebooters and refugees from central planning become, as fictional tycoon Quilan Gerot predicts in Clavel's best-selling novel, the centre of Asian trade and shipping, finance and big business? It's possible, the colony is halfway there already. But in the short term, a more crucial question is

whether or not Hong Kong can survive. For the most important, by far, of Britain's remaining 11 colonies and dependencies—Hong Kong's economic dynamism regularly puts the mother country to shame—survival would hardly seem a major issue. It is, among other things, the world's 19th largest trading economy and the third most important financial centre, after New York and London.

Hong Kong lies beneath its harbor and through its mountains and adds to a stunning Manhattanesque skyline at a rate that would intimidate planners and entrepreneurs in countries much richer and more secure. Last year, a squat, less than luxurious tourist hotel was sold for \$600 million, more than even New York's Pan Am building sold for. In history's largest single building transaction. To make way for an even bigger and better structure amid the real estate boom, one speculator knocked down a mid-rise high-rise before it was ever occupied.

Strategically situated, Hong Kong bristles with banks and the Asian headquarters of key multinational firms. It's also, about 2.5 million last year. In an international broker survey of the world's great hotels, Hong Kong was the only country in the top 10 to be awarded two selections. The morning, cacophonous streets burst with shops—shops with the globe's most expensive goods. A budget surplus and rapid eco-

nomic growth are foregone conclusions year after year. When the respected European monthly *Euroconomy* recently conducted an in-depth analysis of the post-1973 period, Hong Kong was judged to have turned in the world's third-best economic performance, after Taiwan and Singapore.

Overachieving Hong Kong, however, remains "a borrowed place living on borrowed time," as one wordy clerk puts it. British titles to the territory were obtained from China under "unequal treaties" and, in Peking's view, are therefore invalid. The Chinese have also had Hong Kong struck from the United Nations list of "colonies"—a colony would do the unthinkable—become independent, "occupied territory" however, awaits only "liberation." And, as another clerk notes, Peking could take Hong Kong by telephone.

Such dramatics are unlikely; more important is the simple fact that expatriates of Britain's 80-year lease on the so-called New Territories (NT), 90 per cent of Hong Kong's overall area, is only 15 years away. Without the NT, Hong Kong, at least as it's known today, would cease to exist. Uncertainty could have a catastrophic effect on the economy. Starting this year, for instance, international bankers must consider that the final repayments of much-needed long-term loans to the colony will fall into the post-1997 polluted twilight zone. "It is going to be difficult to persuade any

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international leaders to land against property as the date approaches," warns Colin Stevens, chief executive of Barclay's Bank in Hong Kong. "Until China recognizes this fact, confidence will start to be sapped."

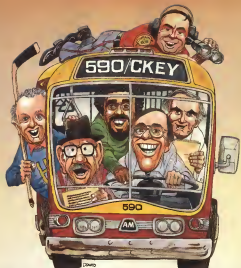
The appointment last December of Sir Edward Youde, a former British ambassador to Peking, as the new Hong Kong governor, and a new indication of London's urgent desire to work out a formula for the colony's future. Youde also faces tough domestic challenges. Once a bastion of law and order, Hong Kong has recently felt the tremors of incipient social disorder. In the first ses-

sions rising since Communist-led uprisings in 1967, marauding gangs of teenagers rampaged through posh Central District, then past Christmas, smashing luxury shop windows, overturning cars and hitting riot police. The local media, often overly sensitive to "security concerns," played down one of the incident's most significant aspects. For the first time in almost 30 years, Chinese residents had singled out members of the colony's white British ruling class for physical attacks. There is neither hot nor serious restrictions in the middle class, whose members want a say in their political destiny.

A glittering diamond of hope set in the vast gossamer of Chinese poverty, Hong Kong is a victim of its affluence. In 1978, former governor Sir Christopher Murray MacLehose pronounced the colony ready to make the last of its major social problems. Hong Kong was about to seek membership in the "developed country" club. Then came the uprisings. 500,000 of them, doling Chinese and British troops on crowded routes, paying off fishing junks and professional smugglers, robbing and often looting all on marathon drives through shantytowned waters. In the summer of 1979, Kwangtung provinces, young farmers turned into "suddenly extremely angry" Hong Kong radio broadcasts while their visiting city cousins sported Solka watches and taped Sony tape recordings, the unsightly glare in the nighttime sky of a million Hong Kong lights seemed to loom from beyond the mountain frontier. A so-called "fourth wave" policy that allowed refugees to stay once they reached urban areas was finally labelled a "tragic episode" by MacLehose last year. Healed up by elite British troops, Hong Kong border forces began to send new illegal immigrants back home.

The immigrant onslaught didn't shatter the dreams of Hong Kong's hardworking Chinese, but for many it postponed them indefinitely. Flooding became a nightmare—cramped, overcrowded, expensive and often an avoidable. More than 150,000 Hong Kong residents will dwell in jury-rigged—though TV-equipped—squatter settlements. Police believe that an epidemic of squatter fires last year can be partly blamed on overcrowded tenements in squalid rooms and from there to government-subsidized housing. Unemployment has grown—though only to about four per cent. Worse, family incomes have dropped, with fewer workers able to clock overtime and the index depressing wages.

Moreover, many illegal immigrants are young toughs, common criminals or even past members of the Red Guards who terrorized China during the Cultural Revolution. Known as "mainland boys," they have introduced a brand of fear through acts of gratuitous violence to a colony once renowned for its safe streets and are the principal contributors to the soaring violent crime rate. In one recent barbershop holding, two teenagers brutally stabbed a 46-year-old customer because he produced his wallet "too slowly." These triks are driving a deep wedge between a rustic, undereducated, dirt-poor illegal immigrant underclass and the sophisticated, affluent residents of refugees' sleek who regard Hong Kong as their "homeland." The long-term dangers of such tensions are obvious, as is the risk of social upheaval should the



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Fishermen peddle the day's catch (left), pork jacking off Aberdeen, a borrowed place living on borrowed time

newcomers' high expectations be entirely frustrated.

For all its opportunities, Hong Kong life can be cruelly difficult. There is no minimum wage, no health or unemployment insurance, no real pension plans, not even a broad-based union system. Each year tens of thousands enter the colony's schools in a bitter race; for the 1,500 spots annually available at the university level. Competition for good secondary education is so fierce that students sometimes resort to "satellite" schools just outside the colony's border, from which they sneak back to their desks from a high-rise building.

There are 2.6 million "citizens of the U.K. and colonies" in Hong Kong when it comes to entry, or even to education in Britain, have been cut off entirely. Many and more, they want a real say, not only in the colony's future, but in its day-to-day affairs. This is something Britain cannot allow, Peking forbids it. Frustrated, anxious about their children's prospects, they can hardly avoid believing that the British may one day abandon them. The U.K., according to Ian MacLellan, a leading parent and 20-year Hong Kong resident, is even leading the European Community's protectionist campaign against the colony's manufacturers. Calling for a boycott of British goods, he describes current United Kingdom-Hong Kong ties as a completely one-sided relationship that, under other circumstances, would lead to "independence."

Yet Hong Kong remains a hotbed of achievement. Its financial secretary, John Bremridge, Italy to be a key player in this decade's negotiations with Peking, rates that of course the erosion of wealth is what the colony is



Governor Youngs (left); downslide: serious reassessment

all about. Rather than fear the worst in 1997, Hong Kong is undertaking what may be history's most ambitious urban development project—a plan to construct seven new cities in the New Territories, which are expected to have more residents by the 1980s than Canada's largest city.

Recent events affecting Hong Kong's logistical viability have fanned optimism rather than hand weapons. A consortium of British banks has agreed to a U.K. government-underwritten \$1.3 billion loan—also hold two 900-megawatt, coal-fired generators—even though the repayment term runs into the next century. Talks between the British and the People's Republic have been almost deeply crimped. Declared sovereignty after an eight-day visit to China in March. "All these distortions have confirmed my belief that Hong Kong has a very important role to play in the development of the Chinese economy," and that there is "strong mutual interest in the continued prosperity of Hong Kong. Adds Robert Baldwin, Can-

ada's trade commissioner in Hong Kong: "It is a golden goose that the Chinese would be very reluctant to shake off."

Hong Kong consumed 80 per cent of China's exports last year, and the Communist state's investments in the colony range from office towers to the third-largest banking system. Talks continue over a proposed joint venture to build a huge nuclear power plant not far from the border. Bremridge believes that the colony will become a crucial financial, supply and communication support base for China's potentially massive oil production industry. But it is a disastrous Deng Xiaoping, China's senior policymaker, who has done the most to boost Hong Kong's hopes. "When it comes to change in Hong Kong, it takes 30 years' time," he told the British Foreign Secretary Lord Carrington in 1981. "The interests of investors will not be harmed."

Many lights may be thrown on Hong Kong's prospects in September when British Prime Minister Margaret Thatcher travels to Peking. There are several possibilities. Some see Hong Kong—and Taiwan—becoming a separate economic and administrative territory of China, providing the finance and know-how to speed the country's modernization. Other reports speak of a 30-year friendship treaty between Britain and Peking that would allow a gradual transfer of power without destroying Hong Kong's economic climate and thus its value to capitalists and Communists. Whatever happens, whether Hong Kong becomes Asia's greatest city or free enterprise's largest risk, the odds are it will be done with excitement, if not style. □

PROFILE: IVAN EYRE

Portrait of the artist as a passionate monk

By Robert Enright

On a morning six years ago, Ivan Eyre was walking along Truggate Street near his home in the picturesque countryside south of Windsor. In those days, a passerby stood close by: "There was a monk working in the field," Eyre recalls, sitting in a post-oppositioned chair in his spacious studio. "I suppose he thought I was one of them, because at I walked by he said, 'Good morning, brother.'"

The thought of being mistaken for a monk still amuses Eyre, but the story was understandable. One of Canada's leading artists, Eyre is something of a recluse, with an approach to painting that is both devout and obsessive. In a way, he's a passionate monk.

At 47, Eyre has reached a zenith in his career as a painter. He is represented in most of the country's important public and private collections. A retrospective of his work opened at the Canadian Cultural Centre in Paris last month after a 15-month Canadian tour. A nomination for a Guggenheim award by Eyre's George Woodcock was recently published by Fitzhugh and Whitman. His picturesque landscapes are regarded by critic Michael Greenwood as "among the most significant achievements of landscape painting in Canada."

Other top-ranking Canadian artists, such as Alex Colville or Christopher Pratt, may command higher prices, but in contrast to their limited output of two or three paintings a year, Eyre is prolific. In recent years, he has produced at least half a dozen large-scale canvases annually. The 148-by-158-cm landscape sold for \$25,000, the drawings begin at \$1,500. The owner of a Windsor trucking firm recently paid a

record \$60,000 for a 165-by-860-cm landscape. Eyre's prosperity is evident in the large modern home with attached studio overlooking the La Salle River, the silver Mercedes-Benz and the apartment in New York City's Greenwich Village in which he celebrates every month.

Eyre is a jumble of contradictions. He is a spiritual painter but a relentless businessman; he is a humble, even embarrassed, when complimented about his work, but quick to place himself in a league with history's greatest painters. "They're—these monks," he says without a moment's hesitation, "in a brother." His contradictions creep up on the work itself. Viewers are never entirely comfortable with the multiple perspectives in his paintings. "I am fascinated by madness," Eyre says. "I try to put everything into each piece."

Eyre's pursuit of what he calls "vision" has been a painful and solitary journey. He has had his detractors from the time of his first solo show in a commercial gallery in Montreal in the early '60s, when he sold

only a single work. The reception was no warmer in Western Canada, when he replaced and home. Beginning with Clement Greenberg's legendary workshop at Emma Lake in 1962, New York abstraction swept across the Prairies like a scorch fire. Held up against the clean, big attack of New York art, Eyre's surrealistic canvases were regarded as compromises. To this day, his reclusiveness about the period around the immediacy of a fresh wound. "Most of the '60s art was silly, empty and boring. One other thing on top of another man's book of a different from charts in a paint store where you are. This will be good for the living room and this will be



Ivan Eyre in his Windsor studio

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Scott: Only a small percentage. The men that I have known have slowly gotten over it after 40 years of age. The frustrating emotional characteristics just die down, the way age affects your teeth or your vision. The truly dangerous offender withers with age. There are very few people over 70 in jail.

Maclean's: What about that fellow who just went back into prison, Canada's oldest perpetual offender?

Scott: If a guy's been in jail for 40 years, it's his world, and quite a nice world. Other people in prison do very well. They're treated kindly by the other inmates. If I went into jail now, I'd be treated fairly because the inmates do respect older people, they leave them alone.

Maclean's: What can be done to prevent the revolving door syndrome in young offenders?

Scott: First, I have to say, that prisons are an absolute necessity to controlling people. No matter what efforts are made to restrain them, you cannot restrain a person who does not want to be restrained. The youngsters who come into prison are going to be recidivists regardless of what you do for them. Therefore the maximum sentence should be five years in our federal system. If a kid has proven on the street that he's been in trouble often enough, then the maximum sentence should be five years. It's best that he save society and himself a lot of trouble by coming into jail and not expecting to get out in 10 months. A maximum five-year sentence is a good idea.

Maclean's: Why five years?

Scott: capital punishment no deterrent



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Scott: They have time to think about all this, though, they're not having the girls they don't meet and the drugs they don't smoke. When a kid has been disrupted from the age of 8 to the age of 16, he's been in institutions, has been socially rebellious and emotionally unmanageable. Even as it sounds, a short period in a penitentiary has to be reconsidered into a longer period so that he has time to live in a consistent environment and decide whether he likes it or not. Being in jail a year and a half is nothing. A five-year stretch is really difficult to accept.

Maclean's: So what can prison do for the inmate?

Scott: Prison is a place

where people have to learn to grow up, that's what it is. And growing up is growing up emotionally, it's the social acceptance. If we take the amount of income tax that any inmate has ever paid in 40 years of his life, we will find that he has never paid one cent, he's never usually contributed anything to



Kingston Penitentiary: a place to learn to grow up

his country in any way, shape or form. He's been socially sequestered from the age of 12.

Maclean's: How long does that growing up take?

Scott: I believe strongly that it takes 30 years. In jail, 10 solid years and I'm only speaking emotionally—not legally.

Maclean's: You have said that after 30 years in prison, an inmate should have the opportunity to tell himself, "Why?"

Scott: If society wants its retribution, the guy's had 30 years' loss of freedom, either let him out or let him shoot himself. But I would favor that he should be allowed to shoot himself if he knows he has 10 years more.

Maclean's: I can't see it happening.

Scott: Our society has yet to come to the point where we'll put the gun down in front of the guy and say "If you don't want to face this 10-year sentence you're quite all right to shoot yourself." The conditions would be

a medical examination before, a psychiatric examination to assure you're in your right mind, and we have to be absolutely sure that in 30 years you'll be in the same state of mind you are now.

Maclean's: How many prisoners would use this option if they had it?

Scott: You see the trick is this, where it

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breaks down, is that I've been in jail 18 years. I'm used to being in jail so I don't mind staying another 30 years. I don't have to put up with gas expenses and a wife who is yapping or any kids who are getting in trouble. I don't pay taxes. I can breathe socially (quite desired) because I'm an old one and I'm doing something "heavy" and I have my two house and I have a good job and people have no idea I don't have any worries. Wackman: Do you believe in capital punishment?

Scott: No. It isn't a deterrent. I'm not a statistics genius, but I don't see how it could be a deterrent when, without question, at least 85 per cent of offences are impulse motivated. I would say that most people who come to jail have no

'If society wants retribution, the guy's had 10 years' loss of freedom, either let him out or let him shoot himself'

idea the day before the offense is committed. Now it might be if I got enough booze in my system, I know I'm going to get in my car and steal a bunch of radios, but not the night before. Wackman: What about the criminals that go on for feature films, the man-of-the-hour that plays the perfect crime and comes off through?

Scott: They are rare. I suppose in all the years I've worked in prison I only know ten. I don't know anything about real imprisoned criminals. We aren't privy to their secrets. When one of these members comes into jail, they stay away from journalists. They have nothing to do with anybody who's going to interfere with their particular way of making a living. Wackman: Are prisoners ever beaten by guards?

Scott: I would say it's absolutely impossible because the other inmates would make such a hell about it. Legitimately, they would cause trouble and give evidence, and the inmates have all sorts of rights. It would be in my mind a sick officer who unprovokedly decides he's going to attack an inmate. Now, we have records of 14 officers who have died in the past 10 years in the prison system. We do not have any records that any officers have murdered an inmate and we may have had one inmate who was killed in the process of an uprising. Not one person has ever said to me, "How about the officers, do they ever get hurt?" When I say that 14 officers were murdered, people don't want to even hear that. ☐

FOLLOW-UP

After the dance is over



Myatt hotel lobby after accident: no more tea dances on Friday afternoons

The Steve Miller Band had just swung into the opening bars of *Satin Doll* at the Friday afternoon tea dance when, with a small snapping sound that grew in seconds to a thunderous roar, the sky bridges fell on the crowded lobby of the 40-storey Hyatt Regency Hotel in Kansas City. First, the fourth-floor sky walk collapsed, taking with it 33 people. On the way down it hit another walk at the second floor, which held about 40 people. In all, 153 people were killed and 185 injured, many with severed limbs, crushed internal organs and wounds so severe by the event that the eight-miles-away news crews knew, 10 months later, the hotel has responded, but the hotel is far from over. Many of the victims are still under close medical care, some of them are learning to walk on artificial legs, others are undergoing daily therapy. And most are still waiting for their day in court. The key question yet to be determined who was to blame for the accident?

In Kansas City, that is apt to be a sensitive subject. Built in 1975-76 at a cost of \$50 million by a subsidiary of Hallmark Cards Inc., one of the city's largest employers, the hotel was designed by local architects and erected by local construction companies. A recent investigative report by the New York-based Village Voice contains charges that the company cut corners on building costs; the city was so in awe of the business community—especially Hallmark—that the hotel was not properly inspected during construction, and vital pieces of construction evidence were removed in a cover-up before independent experts could reach the scene.

Hallmark denies the allegations but refuses to offer its own explanation.

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CANADA

The secrets of the Ocean Ranger

By Michael Chabon

"You know, the boys didn't have a chance," the witness said. If the inquiry into the sinking of the Ocean Ranger came up with one agreement in its first week, it was over those simple words. They were spoken by Bruce Porter, a control-room operator whose hatch in the gantry all rig ended three days before the tragedy. In the plain, white-plastered room in Blon-ton's federal court building, many wit-

nesses spoke for the first time in public about the night of Feb. 14, 1982, when 66 men perished in the frigid, storm-battered North Atlantic 300 km east of Newfoundland. The five-man U.S. Coast Guard Marine Board of Investigation heard accounts that seemed to raise as many questions as they answered, but that showed clearly that the Lifesat evacuation technology used on the rig was utterly inadequate—although it did take one small group of men to within mere feet of rescue.

Of the few clear the inquiry has to work with, by far the best one came in a radio call from the Ranger to the Seidon

draft to get above the 15-m waves. Nearby, the rig Zapata Lighthead had been forced to "bleat" its drill pipe—as emergency procedure where the pipe is instantly severed by steel jaws—so that it, too, could rise above the waves. The Ocean Ranger had also sheared its pipe about that time, because its attempts to raise the drill pipe had been obstructed by waves blowing inside in the derrick.

Even more perplexing is the almost complete radio silence of the Ranger in



Ocean Ranger and witness photo of port-hole. "My knee in a life raft so close that it rubbed up against one man's shoulder"

706 around 7 p.m., some six hours before the tragedy. Jack Jacobson, the 1960s Canada foreman on the Ranger, called to say, in a calm voice, that a wave had broken a port-hole in the Ocean Ranger's ballast control room—a compartment jammed with wiring, controls and pumps, in effect the rig's brain and source of balance. Water splashing over electrical controls had knocked out the rig's public-address and gas-detection systems, caused shocks on a control channel—and probably most significantly for the inquiry—caused valves in the ballast system to open and close out of control.

At 6:58 p.m., another conversation began between the Ranger and its St. John's base—a chat likely to bedevil the other inquiries to come. The rig boss, Kent Thompson, told Jimmy Courten, the drilling foreman for Ocean Drilling and Exploration Company (ODOCO), which owned the rig, that he had been forced to shear the pipe because the waves had suddenly become

its final hours. About 9:45 p.m., Jacobson reported that the electrical problems had been repaired, but that the rig still had not risen to "its normal draft." Just before 11:30 p.m., it made a routine check on the position of its standby boat, the Seidon's Highbinder, which was riding out the storm about 10 km down-coast. Then, after about 30 minutes of silence, the Ranger called the ship again, asking it to come quickly. That was at 1:05 a.m. Ten minutes later the Ranger's final words were heard—a "Mayday," mention of a distress uncontrollable 30-degree list, a call for all standby boats to hurry to the Ranger, and a request that its Mayday be relayed. "The only other word I heard from the Ocean Ranger was that they were reporting to their Lifesat stations," the board was told by Rod Fraser, the drilling foreman on the Seidon that night.

When the Highbinder reached the sea, just after 2 a.m., in a blizzard to thick with spray as with snow, Leigh Jacobson noticed between 10 and 20 tiny life-jacket buoys bobbing in the

Maclean's

malicious and hurried to the stern deck with four crewmen to prepare life rings and throwing lines. "It is a matter of minutes," he said. "A lifeboat appeared, a hole in its bow, and with men hanging from the sides the canopy." In the work's most moving moment, Jergensen told how a throwing line was caught and tied by the lifeboat's sparrows, no more than two metres from the Highlander, how a half dozen men immediately climbed out through the hatches on the port side, and how the lifeboat "just kept right over." The water temperature immediately dropped the night or nine men who emerged from the boat, some wearing only light clothing. "We threw in a life raft right where they were," said Jergensen, "so close that it rubbed up against one man's shoulder. Not one made a grab for it." In two or three minutes, "they were all." —Jergensen's voyage ended away.

At the next day's hearings, Geoffrey Dillis, the former master of the *Oose Ranger* who had left the rig on Jan. 26, told the board "The [communication and lifeboat] system we have now is like it was before a fire and calm weather. But on a black night with a 15-degree fall, the wind howling at 70 to 75 knots, in 80-foot seas, it's almost impossible to get away." Of the 22 bodies recovered, autopsies showed that all died of cold, and not by drowning. "There's no question they would have lived longer in survival suits and that some would have been saved if they'd lived a bit longer," said Bell, who added that it is obvious that design must be made in anticipation of the life-saving emergency as well as in the use of survival clothing. (Some navy carry thick rubber suits that melt proving life is fragile water.)

But the inquiry's job is to find out what happened, if possible, to make recommendations that might prevent a recurrence of the *Ranger* disaster. This week in Boston the board will hear from other rig ship, and oil company witnesses, before turning to other hearings. The summer. It has many questions left, including the *Ranger's* pumping radio silence, the adequacy of training for the metal belt-and-control-rope operations, adherence to safety standards on the rig, and the time of the actual sinking.

Fraser provided the most explicit theory for the sinking. He reasoned that the most serious water damage from the broken protection went unnoticed at the time. It didn't leak, but it was trouble until they tried to pump the rig up to survival draft, whatever time that might have been. "Only then would the disability—probably in the valves or pumpage that controlled the rig's ballast—have been detected. By then, it seems, it would have been too late."

NATIONAL

Across the land by tightrope

French Premier Pierre Manry was once prepared for the treacherous risks involved in the diplomacy of Franco-Canadian relations. Forewarned of the risks in making the slightest slip of the tongue, Manry commented, "I have a small lexicon of things to say and not to say."



Manry in Ottawa: alone or with a small group.

Thus equipped, Manry skillfully navigated the opening days of a visit intended to improve Franco-Canadian relations with the Trudeau federalists in Ottawa without damaging links with the Perquimans in Quebec City.

Manry chose to stress the potential economic benefits of fuller contacts with the rest of the country—trade and investment—while affirming the importance of the obvious cultural connections with Quebec. Canadian opinion and Manry, gravely pressed Pierre Trudeau for the recent constitutional settlement (even though it is repudiated by the Quebec government) in particular, however. Manry was discreetly silent on the subject. By the end of his trouble until they tried to pump the rig up to survival draft, whatever time that might have been. "Only then would the disability—probably in the valves or pumpage that controlled the rig's ballast—have been detected. By then, it seems, it would have been too late."

Relations between Canada and France have become palpably warmer since President François Mitterrand's Socialists were elected a year ago. For the first time in 15 years, French policy

is being made by a government underscored by the legacy of Charles de Gaulle's infamous "Vive le Québec libre" speech in 1967. Manry repeatedly made reference to the Canadian Federation, usually with a balance to Quebec. "This is natural, in fact, that two of adjacent unitary democracies," he told an Ottawa black-tie dinner audience last week. "It is no less obvious that these two nations need not in any way limit our relations with Canada."

The message seemed clear: there would be no more Gaullist meddling in Quebec-Ottawa troubles. Giving emphasis to the message, Manry and his wife, Gilberte, flew from Ottawa first to Toronto, with a scheduled stop and stop in Montreal, before landing in Quebec. Meetings with businessmen and local French-speaking leaders, as well as greetings from Governor William Davis and New Brunswick's Richard Hatfield, were built into the itinerary.

Manry's common touch of Manry's time with both federal and provincial hosts still in the stage stage is a possible Canadian investment in the Franco-Albertan connection. Even more pressing was a \$1.5-billion deal being studied for signing between Hydro-Quebec and a French group planning an aluminum refinery in the province.

Ironically, however, the visit was not entirely clean-cut. In Quebec—the red-carpet were played on both sides between Ottawa and Quebec City. Under terms of a 1965 Quebec-France agreement, in fact, federal representatives were kept out of the Quebec part of the tour. External Affairs protocol officers relinquished their charges to provincial officials, and the RCMP held security over to the provincial police.

Fortunately, both sides found a way to avoid repeating the embarrassing episode in 1973 when Premier Raymond Barre was caught in a hellacious dispute over which government would see him off at the airport. This time, provincial ministers agreed to wave goodbye at Quebec City. The Manry plane was then to land at Mirabel (a so-called technical stop) for a second farewell by an Ottawa emissary. It was a distinctly Canadian solution which even Manry's lexicon probably did not have words to describe.

—JOHN HAT in Ottawa.

ALBERTA

A bullet too close for two men

As they were both wounded by the single police bullet that ended a 15-hour house-taking incident, Edmonton multimillionaire Peter Pocklington and his alleged kidnapper mutually ended up just weeks under the same roof. The city's University Hospital reported both men "breathing comfortably," one under 24-hour guard, the other following inquiries and good wishes from around the world. And Edmonton police promptly laid off charges in connection with the affair—including kidnapping—against Mario Petrosio, 29, a self-employed computer entrepreneur who emigrated to Canada from Yugoslavia six years ago.

Pocklington, 49, who retired from the death-defying sport of jet-hoist racing three years ago, suffered a near-fatal aneurysm, almost last week's threat to his life in the supposed security of his own supposedly Edmonton home. The entrepreneur and owner of the Edmonton Oilers hockey team had finished breakfast about 9:30 a.m. Tuesday and was getting ready to drive to his downtown office. Then, a man wearing a balaclava and armed with a .253 magnum Ruger revolver and a small knife burst into the malodorous Tudor-style house, cutting short a telephone call between Pocklington's wife, Eva, and his secretary. Alarmed by the sudden disconnection, the secretary called police. Meanwhile, the gunman fled up Pocklington, drawing woman Gail Hibbert, 38, and his daughter Joseph Wright, 25. Then he tried to flee with Eva Pocklington—

who, police say, was the original kidnapping target. But as the pair walked toward the garage, where Pocklington's Rolls-Royce was parked, Eva Pocklington spotted police and dashed for safety. Understandably overreacting, the black-haired woman told the officers that the gunman had threatened to



Pocklington: they both just wanted out.

kill the others if she escaped. "I thought you could rush him," she said. "On my God! Did I see the wrong thing?"

Afterward, the "very gutsy woman," as police described her, was led away to a neighbor's home where she kept well while members of the special task force unit negotiated with the gunman. He demanded \$1 million cash and safe pas-

sage—to anywhere at all. "The just wanted to get the hell out," said public relations officer Lance Russell. By 10 a.m., police had persuaded the abductor to release the man and the kidnaper. At the same time, Pocklington's business associates were collecting the ransom from several Edmonton banks.

For their part, the police knew that Pocklington was being held on "the house's third floor. With that, they began watching floor plates and selected a side door that four members of the task force slipped through at 2 a.m. Jim Conford entered with a suitcase full of ransom money. At 4:45 p.m., a single shot from an M-16 rifle crashed out. Police believe the second kidnaper had no previous contact with Pocklington. But they think there may have been accommodations, two suspicious-looking men who waited him after half an hour before the incident began.

Police described Pocklington as "nearly and emotionally shaken" by his ordeal, but doctors anticipate no problems with what is described as an inconsequential and superficial wound. The night, however, he having second thoughts about what he could do. The good terms that Pocklington had with Hibbert in 1979 from Ontario, where he started his business dealings while still in his teens. Since then he has amassed a \$5-million sports-and-leisure empire which includes the Oilers. Edmonton Oilers owner team, the Pacific Coast Baseball League's Triangles, plus interests in Fidelity Trust, Paramount Land Co. and the Swift motor-parking firm. His fortune is estimated at \$100 million. Last week only fate granted him the right to continue enjoying it. —STANLEY ZARANSKY in Calgary

A simple laying on of funds

It was, for all of Brian Mulroney's protestations to the contrary, the multimillionaire himself of a bid to appease Conservative Leader Joe Clark. It was filled with straight funds as a single fund-raiser for the Ottawa-Clinton riding, once held by Liberal Jim Turner. But with several speeches planned across Canada in the next few weeks, Mulroney obviously has more than the state of affairs on his mind. The same was true of the 355 other (1976 plate), the major affairs of the Ottawa-Peterborough and a dozen of Clark's MPs who attended the dinner. How Walter Baker, the ex-Hanson leader,

denied by Clark after the 1980 defeat, possibly encouraged the Mulroney endeavour to seek a seat in the Commons.

After opening shots at Pierre Trudeau, Turner and Liberal ministers, Mulroney lowered his lecture jaw into a 38-page text that he measured the very lack of industrial productivity in Canada. He assailed the muted perils of elected politicians even though, as president of Iron Ore sales, Mulroney obviously has more than the state of affairs on his mind. The same was true of the 355 other (1976 plate), the major affairs of the Ottawa-Peterborough and a dozen of Clark's MPs who attended the dinner. How Walter Baker, the ex-Hanson leader,

Mulroney: Mulroney.



used to mainly to suspect operations in Labrador, last week he took it to Ottawa.

He appeared untouchable by the plodding nature of the search which was laden with statistics. This was partly because in 1976 Mulroney lost the leadership to Joe Clark. But he was also a shrewd on policy. Surrounded by the inevitable pack of reporters and cameras, Mulroney playfully turned aside questions about his own party's national strategy. "Clark's sure that he should seek a seat, Mulroney deadpanned. "I'm certainly Federal and appreciative of Mr. Clark's support of me because I agree with the same kind of support in return."

The fine lines in a far-flung land

By Gordon Legge

As unexploiting as the winds that blast across the barren, snow-swept Arctic tundra, change is rapidly advancing on northern Canada, dramatically altering its face and its future. In Pangnirtung, an Inuit community of 900 settled at the base of the majestic glacialled mountains on the eastern shores of Baffin Island, a young Inuit girl dressed in designer jeans and traditional beaver-skin shaped anoraks, styled in a way that adds her husband last week, while not-rotting snowmobiles roared past. Stretched out on the beach outside most homes, ready for preparation, while, made, housewives watched the Sunday Cup playoffs on color.

Handfuls of Eskimoes in the west, on Little Cornwallis Island in the central Arctic, young Inuit men spend their off-hours learning how to swim at the pool in the heating area at the new \$10-million Polarus lead-zinc mine, the north's most northerly mining project. Meanwhile, in their home communities, some of their friends language, spending much of their time sleeping, drinking or taking drugs. They are trapped in a web spun out between the old ways and the new—too educated to return to the land permanently, too traditional to survive in a time-clock, wage-oriented economy.

In the west, halfway down the Mackenzie River at Norman Wells, Esao Neasane Canada and Interprovincial Pipeline prepares to build a \$10-billion oil recovery-pipeline project to feed southern markets. With a few exceptions, no construction start-ups. Some officials are busy negotiating with the Dene Nation, representing northern In-

duians, to create a joint venture that will give the northern natives valuable on-the-job training—and possibly a piece of the action.

Such contrasts abound across the 1.3 million square miles that is the Northwest Territories. With 40,000 people, it is a society in transition. Canada's Third World, striving to achieve political and economic parity by snatching power from the colonial chains that bind it to Ottawa. But while its abundant resources attract the attention of a largely indifferent southern Canada, for the northerners the most precious resource is neither oil nor natural gas, but

A society in transition is striving to achieve maturity by snapping forever the colonial chains that bind

time. And the maintenance of northern resources development is gaining speed.

It is estimated that more than \$60 billion will be spent on massive northern resources projects between now and the end of the century. The complex considerations involved are almost overwhelming. While Ottawa boasts its grip and at the same time promotes development, it will serve the diverse and sometimes competing interests of both the North and South, northerners are scrambling to keep a level, ensuring that they not only participate and benefit, but that their fragile environment is protected and their cultures are secured against the onslaught.

In mid-April, N.W.T. residents took

one last step forward. Presented by the predominantly Inuit northerners, a plebiscite was held asking voters if they wanted to see the vast territory divided in half between the east and west. On voting day, the east, physically and culturally isolated from the territorial capital in Yellowknife, voted overwhelmingly in favor of division, but the west—comprising a mixture of native and non-native peoples—rejected the proposal by a slim margin. This week, Indian Affairs and Northern Development Minister John Munro visits Yellowknife to discuss the results with the elected territorial council. Caution not to raise unrealistic expectations. Munro has promised to make a recommendation to cabinet related to the mounting plebiscite's outcome. Although he can choose in his own words "to spin wheels" and do nothing, the backlash could be substantial.

However, the federal government chooses to handle the dilemma, there are other pressing matters on its northern agenda. Parliament is settlement of native land claims. In that, officials see the resolution of many problems facing northern natives, as well as applying additional certainty for mega-project investors, and the keystone is real political and economic independence for northerners. However, for a variety of reasons, the pace of talks with each of the three claims groups—Inuit, Inuvialuit and Métis—either painstakingly slow or stalled.

This week, the National Energy Board visits Frobisher Bay as part of its hearings into the Arctic Pilot Project, a ship by Peter Canada, Nova, Melville Shipping and Dowse Petroleum to ship barged natural gas from Melville Island in the Arctic down the east coast to



Polarus mine on Little Cornwallis Island trapped in a web between the old and new



Arctic and recreation centers of Kivalliq on Baffin Island and (below): Oil Pipeline supply boat near Thuleville. No longer governed by life of subsistence hunters



a terminal in the Northwest. The Inuit, as well as Greenlanders, are strongly opposed, concerned that it will drastically affect the northern marine environment on which the natives depend for food and income. "The Inuit have to be the soldiers and police of the Arctic," says Inuit Tapscott President John Amagluk. "If the Arctic environment is screwed up, there will be no more Inuit."

Despite the best efforts of industry and government there is still much to learn about northern ecosystems. According to an internal Environment Canada report, forest elements changed into the tundra past behind the Mackenzie lead-zinc mine on the northern tip of Baffin Island have been found in unusually high concentrations in the fish and wildlife nearby. The concerns do not report predictions and has shaken officials. A study is planned this summer to determine the cause. "Everybody's doing his job," says Indian and Northern Affairs official Evan Dubé, director for northern movement. "It's just a lot more complicated than we think."

But many wonder whether the government's expressed good intentions can be imposed as the mass of bureaucracy being put into place. A dome that, after cited by northern officials, shows 30 or more steps required for project approval. Dene President George Erasmus complains that it took eight months for the government to provide crucial feeding after it allowed a two-year moratorium on the construction start-up for the Norman Wells Dome Petroleum project in the Beaufort Sea—a moratorium provided to help satisfy northern native concerns. "We're only now beginning to do some of the things we should have started on last summer," says Erasmus.

Meanwhile, others worry that Northern Affairs' pre-emptive role in the North is being usurped by the federal energy, mines and resources department as it supervises (or dictates) the growth for offshore oil and gas development. While Northern Affairs has traditionally been viewed as a "middle" department for ministers on their way up or down, no one questions DNE's role in steering Canada's economic recovery.

At the same time, some predict that events will overtake such will. For instance, another Middle East event could easily imperil world oil supplies, thereby accelerating the need for northern energy and, subsequently, jeopardizing plans for the orderly and sensitive development of Canada's final frontier. "I don't know," says a source (as it is said, as Prime Minister Louis St. Laurent once did, that Canada governs the North "in fits of absentmindedness").

Polling time in a would-be nation

The Yukon cannot yet claim provincial status, but its politicians are acting like big boys anyway. No sooner had he called a territorial election last week than Tory government leader Chris Pearson was waving that the arguments the federal minister of Indian Affairs and northern development, John Munro, is withholding consent to a bill passed unanimously by the Yukon legislature, would give him victory on a silver platter. And, right on cue, Pearson was denounced by opposition leaders for Ottawa-baiting instead of facing the real

issues—high inflation and unemployment. "A desperate lack of leadership," declared New Leader Tony Penikese.

Pearson wants to force the campaign on the long-standing struggle between Whitehorse and Ottawa over northern mining, land ownership and native treaty claims. The NWT (the same as the Tories' 30, the Liberals' two and one independent) will keep the spotlight on the government's record—in, scandals and increasingly hard times. Pearson's scheme has suffered four embarrassing reversals since it was the Yukon's first party-style election in November, 1979. One resignation followed an assault on a woman on a bus, another a conflict of interest, a third the matter of some Indian housing is a gaffe preserve. The fourth was inspired by an

investigation of a land fraud case—later dropped. The harder blow to the economy have come from layoffs announced by the three largest mines.

The Liberals were the official Opposition until last fall, when the NWT was another seat from them in Agriculture. Now there is a feeling among local observers that the Liberals, under Ronald Neale, are weakening steadily on the territorial level as Yukonians align themselves more with Alberta and British Columbia than with Ottawa. The Yukon is traditional Conservative ground (longtime Yukon Tory MP Erik Nielsen is a faithful adherent) and, while the NWT will probably cut into the government majority on a N.W.T. The Tories have behind them the best party machine.

—LESLIE COLE

Battle stations in the South Atlantic



Argentine aircraft in the South Atlantic. Pym in Washington: a matter of time before someone fires the first shot

By Jane O'Hara

In Washington last week, British Foreign Secretary Francis Pym declared that his country's fleet in the South Atlantic is now fully prepared for outright war to regain control of the disputed Falkland Islands in Buenos Aires, Argentine President Leopoldo Galtieri said back that his troops are ready to take over to hold the islands, whatever the costs. Then the BBC warned the 17,000 British nationals in Argentina to depart the country as soon as possible, and the British armada, which left Portsmouth on April 8, steamed into the storm-tossed waters around the South Georgia Islands, 1,300 km from the main antipode. For the first time, the naval force was within range of Argentine attack aircraft. By week's end the war of the Falklands was still only just hot. But as the hours passed, the outbreak of real war grew perilously close.

Certainly, the preparations for a fighting war were endless. The British task force mounted 24-hour defence stations, dozing between and sleeping in shifts, while the 60-day armada steamed into Argentina's war zone in the Argentine city of Comodoro Rivadavia, a military bridgehead 640 km from the Falklands, small school-children dozed beneath wooden desks in drills against British bombing. Near

a deserted railway yard in Buenos Aires, a dozen 100-year-old concepts pointed up hedges for the first time and precast the new call of a 19th-century country church.

As the news time, US Secretary of State Alexander Haig attempted to keep the two sides talking. But what appeared increasingly inevitable last week was that it was only a matter of time before someone fired the first shot.

In London, daily headlines screamed ONE DAY CLOSER TO WAR and polls showed that one in two Britons still felt that a punitive war is worth the loss of British lives. For his part, Pym flew to Washington with a series of counterproposals to those offered by Argentina earlier in the week. After two days of meetings with Haig and a visit with President Ronald Reagan, Pym flew back to London to confer with Prime Minister Margaret Thatcher after admitting, "I will not disagree from you that there are real difficulties and real obstacles." The intractable problem neither Thatcher nor Galtieri will back down on whose flag will fly over the Falklands.

Despite Conservative Mps' first support in the Commons for Thatcher's warlike posture, hard-landers had close reservations about whether Britons should sustain the firing of an opening salvo. Early in the week, Pym—who was the Military Cross for valour

under fire during the Second World War—appeared to have lost it during parliamentary debate. He admitted that Britain has excluded the possibility of military action "so long as negotiations are in play."

Later, Pym intervened and corrected himself. "The use of force cannot be ruled out at any stage," he declared. To British military experts, however, the danger could not be so easily repaired. Pym's ally, they said, had shown that Britain was backing away from a fight and was unwilling to make concessions, that it had privately conceded sovereignty and undermined the moral task force. In other words, however, British determination is considered to be a discretionary tactic to tell the Argentinians.

Meanwhile, in an interview about the armada's flagship, *Hermes*, Rear Admiral John Woodward sounded an ominous warning. "If my job is to blow boats off," he said, "I'll do it in the most effective and efficient way I have it."

By Friday two ships had passed the Argentine war zone and sailed within 300 km of South Georgia. One suggested strategy was that the task force would invade the barren island where only a handful of Argentine troops are stationed. A brief fight for the windward islands would give the British a land base from which to assault the Falklands as well as deliver a psychological blow to the Argentinians.

In Argentina, where the American

film *Coming Home* has been pulled from the cinema for being anti-war, Galtieri undertook some tactical manoeuvres of his own. With swaggy stick in hand, the president visited his 18,000 well-dig-in troops on the Falklands for the first time. During a five-hour visit to Port Stanley, renamed Puerto Argentina by presidential decree, Galtieri in front Port Stanley mayor signalled to the British that the Argentine forces were prepared to fight to the last man. Said the president: "The Argentine flag will fly as long as there is spirit in the heart and blood in the veins of all Argentines."

It was a bravura performance, and any suggestion that it was merely spectacle for the sake of saving Argentine morale were sorely swept aside. No sooner had Galtieri left for the Falklands than ambassadors from the Soviet Union and its satellite countries began filing through the massive portals of the foreign ministry to be briefed on the military situation. Galtieri's government has long been considered one of the most anti-Communist in Latin America, but by week's end many Western diplomats were admitting that war can make strange bedfellows.

Argentina's dire economic straits only strengthened the impression that if a Communist helping hand was proffered it would not be brushed aside lightly. In Buenos Aires, where banks and finance houses have been closing with alarming frequency, the nation's



South Georgia: the danger grew hourly

largest foreign company, Rep. Parsh, shut down last Thursday after a run of deposits Argentine banks have reported lost 17 per cent of their deposits daily. Argentine pesos are impossible to sell except on the black market.

As the pendulum of belligerence swung between Buenos Aires and London, hopes dimmed in Washington for a diplomatic solution. Although Haig's native tenacity had managed to keep the two sides talking, his 50,000 km shuttle peace missions was increasingly being viewed as an embarrassment, in

the White House, which looked as though it wanted a settlement more than its two belated allies. After Haig's second trip to Buenos Aires, the writing was clearly on the wall. Less than an hour after the secretary left for Washington with Argentine proposals in hand, Argentina's foreign minister, Nicolas Costa Mendez, announced that he planned to revise the Rio Treaty at a Monday meeting of the Organisation of American States.

The treaty, which calls for mutual military assistance from the 33 signatory countries in event of an unprovoked attack, will further force the Americans to take sides. Argentina, however, could make its problems convincing the parties that Britain was unprovoked in its attempts to reclaim the Falklands. Already, British ambassador Sebastian Lortie has stated that his country will oppose invasion of the treaty.

Events, which more than three weeks ago looked to be as harmless as a regional scene from *The Pirates of Penzance*, have become a matter of all-out war. Last in the midst of all the military manoeuvring are the 1,800 Argentinians who island may soon be a battleground but who haven't lost their allegiance to the Crown. Said William Lortie, who was recently shipped home as British: "The people are frightened. But I think they are looking forward to seeing 100 Harriers come screaming over the horizon." The islanders may well get their wish.

With David Kennedy in London.

Haig diplomacy, short-pants style

"Good shot general," enthused the British television audience. For a country as a way footing it could have meant that the first British targets had been hit. Instead, it referred to Secretary of State Alexander Haig's tennis game, which was broadcast nationally—at the four-star general's insistence—during one of Argentina's most popular Sunday afternoon sports programs, *Polemica* or *Patel* (Soccer Talk). Haig's short-pants diplomatic style left much to be desired. But the substance of the game was clear: it illustrated the secretary's attempts to make points with Argentine public opinion in the heated propaganda war that is now being waged on all sides.

Amid a cascade of predictions that time is running out for a peaceful settlement of the Falkland Islands crisis, Haig's break from the negotiating table

during his second visit to Buenos Aires seemed almost irresponsible. But in the world of shuttle diplomacy—which has so far cost Washington \$5 million in hotel bills alone—his time was not wasted.

Haig failed to soften the gun-metal resolve of the military junta or stem the incandescent anti-Tankie sentiment that reached from reports that the United States was sending British special intelligence reports as Argentina's military moves limited, the secretary's tennis playing. His game, as well as his dapper attendance at 10 o'clock mass, was part of a transverse Maltese Avenue-style campaign to control the president's image. British Embassy spokesman, Catholic priest-appointed Argentinians times that he is one of them. Rev. Jose Costa, for one, was clearly impressed. He took time out from his sermon to compliment Haig for going in

mass "Angels all the problems and pressures." Although the army of the White House hawk being sent on a peace mission was perhaps lost on the Argentinians, Haig's surprising show of piety did not go unnoticed by one state department aide, who claimed that in Washington, Haig's handshake was mass.

Haig's posturing has been for domestic as well as Argentine consumption. Having plied for the job of shuttle diplomat—used held by his father-in-law, Henry Kissinger—Haig's presence in Buenos Aires is a sign of intense pressure in Washington to produce a peace settlement in Argentina, where the military presence is so overwhelming that it is difficult to tell a four-star general in uniform a hard battle, perhaps the only play Haig has yet to try to it to take his own military costume out of mothballs.

JANE O'HARA
in Buenos Aires



New threats to an elusive peace



Rubble from destroyed Haifa in the Sinai, opens a diversion from a truce

It was supposed to have represented the fall lowering of the 1977 Camp David Accord. Hammer beating torches were to have convulsed emotionally in the southern Sinai town of Sharm el-Sheikh, as Egyptian and Israeli leaders met, embraced and spoke of a new era of Middle Eastern peace and stability. Instead, last Sunday's ceremony marking the turnover of the Israeli-occupied Sinai peninsula to Egypt was a perfunctory affair, beset by distrustful national leaders far from the representative role of a leader than a triumph. It was all but overshadowed by a week of sulphurous events which suggested that permanent peace in the Israel-Sinai region is no closer as ever.

In the end, the turnover became an event that was more costly than even pessimists had predicted. In Lebanon, Israeli jets blasted Palestinian targets, killing 38 people and threatening a nine-month ceasefire. In the northern Sinai town of Yamit, 20,000 Israeli soldiers diggled cases of 1,200 Jewish religious relics who had fled burning times of advancing troops and threatened mass suicide rather than see the town turned over to the Egyptians. And in Egypt, officials were angered by what they considered to be Israeli attempts to undermine the regime

of President Hosni Mubarak. Afterward, however, the Egyptian authorities were relieved that the exchange had taken place at all. The 20,000-square-mile strip of sand had been taken by Israel in the 1967 war, and for 25 years Cairo has been desperately trying to get it back. Even last week negotiations over border details and heavy Israeli pressure on Egypt to distance itself from the Palestine Liberation Organization threatened to delay the withdrawal. It was only the airborne diplomacy of Walter Stansel, U.S. deputy secretary of state, who spent the week shuttling between Cairo and Jerusalem, that allowed the transfer to take place at all.

Still, the eleven-hour haggling produced bitterness in Cairo. Crippled and Egypt's journalist Mohammed Salim in the semi-official newspaper al-Ahram. "After all the handshakes we have been through, it seems ridiculous to find Israel clearing a few yards of sand here and there. They are simply trying to embarrass the government in the eyes of the Arab world."

For Mubarak, Egypt's international image is a vital concern. The president is determined to end rifts with his Arab neighbors and to reassert Egypt's leadership of a badly divided Arab world. That will not be easy. The crisis

of Camp David in ridicule and isolation from Egypt's Islamic country has been high. Nor will any reconciliation be quick. Mubarak is tied to Camp David for the compelling reason that the Egyptian economy, growing under 20-per-cent inflation, needs aid without the massive Camp David-inspired U.S. aid program.

At the same time, there is no sign that the 23-member Arab League, which expelled Egypt following the 1979 Israeli-Egypt treaty, is ready for any rapprochement. Syria, and the other hard-line states, such as Libya, Iraq and Jordan, are the most vocal in calling for Egypt to renounce the Camp David Accord before relations can be improved. Still, even the chaotic state of the Arab world, Mubarak is confident. Arab leaders will eventually return to Egypt's kinetic leadership. The fence-mending task will be easier for Mubarak than it would have been for former president Anwar Sadat—if only because Mubarak is not so intimately identified with Camp David and he has avoided personal feuds over Israel with his Arab allies.

If the return of the Sinai has been less than a clear triumph for Mubarak, it has left the Israelis feeling cheated. Israeli turned against Israeli as Jewish exiles were dragged from bunkers and D-3 bunkers leveled Yamit. Oldfields, all bases and a strategic border were sacrificed—and Israel is still not clear to permanent peace. They remain worried by Mubarak's post-Sinai intention to re-enter the Arab fold and they fear that the Sinai hand-over will mean the loss of their main lever for ensuring Egyptian moderation.

Mubarak and Stansel in the code in silhouette and redaction have been high



Still unresolved is the question of the future of the Palestinians. The Camp David agreement calls for talks on Palestinian autonomy, but three years of hard bargaining on the fate of the 1.2 million Palestinians in Israeli-occupied territory have yielded few results. And Israeli Prime Minister Menachem Begin gives every indication that he is now acting on the assumption that he has won a firm hand to extract Israeli control of the West Bank and Gaza Strip in return for the evacuation of captured Egyptian territory. Last week's air strikes showed little softening of the Israeli resolve.

All week serious Lebanese had looked up to spot the source of "Israeli thunder"—some been caught by striking Israeli fighters. Then, after weeks of speculation, the planes began to drop bombing severe Palestinian targets. The Arab world charged that the strikes were planned to divert attention from the messy Syrian evacuations. At week's end, however, the targeted Lebanese coastline had been maintained.

But all signs pointed to even greater danger ahead. The Syrians lost two MIG-23 fighters in a dogfight with Israeli planes during the raid, just one day after Syrian President Hafez al-Assad pledged that Syria will "not stand idly by" if Lebanon is attacked. And in an aside that caused tremors among Western diplomats, Assad added that the Soviet Union had recently assured him that it will assist the Arabs in the event of a new Middle Eastern war. It seemed clearly that Syria it will take more than the transfer of Sinai and from one country to another to create an alibi of peace.

Truce? Haggling with Egypt's Stansel in Cairo, Eric Silver is Jordanian and Robin Wright is British



Damaged a exchange, the last battle

SPAIN

Death throes of a campaign

Optimistic claims that the Basque Nationalist left group ETA is in its death throes were contradicted by 770 kilos of plastic explosives last week in Madrid. In their most spectacular assault to date, ETA commandos calmly entered a Madrid telephone exchange and planted the explosives. Hours later the plastic devices detonated, ripping through the building, causing 400 to 500 in damages and severely disrupting services to 700,000 subscribers. The blast prompted right-wing politician Manuel Fraga to claim, "We are facing a case of revolutionary war."

For more than a year, the Spanish army has contended that it is effectively crippled the separatists—who are demanding "national liberation" for two million Basques. But the bombing of the exchange and other recent attacks directed primarily at Spanish military and police targets have been a serious embarrassment to the military. Security sources say that the latest attacks are a desperate campaign into which ETA has thrown virtually all of its full-time commandos. For their part, the Spanish authorities have offered a \$250,000 reward for information leading to the arrest of ETA members and armed forces who have been killed.

in to patrol frontiers and guard vital installations. Insisted Interior Minister Juan Jose Rodezillo last week. "We are going to win this battle."

Still, some Spaniards believe government's angry response plays into the hands of ETA, which apparently wants to destabilize the system by provoking a military backlash. And the terror onslaught comes at a critically significant time. The trial of 33 men, several of them high-ranking officers, accused of attempting a coup on Feb. 23, 1981, is reaching its final stages. If heavy sentences are handed down, they are certain to anger Francoist officers who are already seriously disturbed by the terrorist attacks and by what they consider to be a betrayal of Spanish unity by the granting of regional autonomy to the Basques.

One reason for ETA's desperate tactics may be that the organization sees the battle going against it. An influential faction in ETA's more moderate wing has renounced the use of violence. At the same time, public opinion has been swinging against ETA among Basques willing to work within a democratic system.

Spain now has a special reason to fear an upsurge in terrorism in June, because of soccer fans will be setting for the World Cup soccer tournament. Although ETA has said it will not harm the spectators or members of the 24 international teams, it has not ruled out using the event for its own ends.

—DAVID BAIRD in Madrid

Americans warm up to a freeze

By Michael Posner

Richard Bart, director of the state department's bureau of political-military affairs, went to lunch last week with a former colleague from The New York Times. Inevitably, the discussion turned to Bart's current pre-occupation: the events of Ground Zero Week and the growing campaign for a Soviet-U.S. freeze on nuclear weapons. Still in its infancy, the freeze movement is already posing a debated political problem for the Reagan administration. Opposing such a simple and appealing notion—which the president does—somehow makes him seem like an advocate of endless warfare—which he is not. The headline advice given to Bart was that if Reagan could not bring himself to embrace a freeze, he ought at the very least to endorse the idea of a nuclear thaw.

That suggestion, it turns out, was not merely an exercise in metaphorical gymnastics. The administration has gone to considerable pains to outflank the Ground Zero forces, a nationwide grassroots body formed to educate Americans about nuclear war. And, in a series of recent presidential statements, news conferences and radio broadcasts, the White House has argued that a freeze at current levels would only lock in Soviet strategic superiority and handicap efforts at genuine arms reduction.

But while the president was slowly trying to upstage Ground Zero, there was to be denying its momentum. By the score, tens of cities across the country have passed freeze resolutions. In California, some 750,000 signatures have petitioned to put a freeze referendum on the November ballot. In the Senate, Ted Kennedy (D-Mass.) and Mark Hatfield (Rep.) have framed the freeze sentiment in a formal resolution. Bipartisan groups in state legislatures have vetted moral and political weight.

Many of Ground Zero's participants see the freeze as the simplest expression of their nuclear worries

and Sen. Billy Graham has embarked on an anticuclear crusade that could include a peace effort on in Moscow. Officially, the various rallies, protests, fasts, teach-ins, marathons, prayer meetings and "disarmament dances" that made up Ground Zero Week were not designed to build support for the freeze. Indeed, Ground Zero's founder, Roger Mulander, a former National Security Council arms control specialist, has himself carefully avoided endorsing any freeze. "Con-

cerned, educated citizens might well come to different, equally valid conclusions about the best way to reduce the risk of war," Mulander says, but he admits that it is not a formula for an arms-control treaty.

Still, a large proportion of Ground Zero's participants are likely to see the freeze as the simplest expression of their nuclear angst. But whatever the freeze's emotional appeal, no political clock remains essentially stationary. So far it has succeeded only in altering the tone, not the policy, of the Reagan administration. The real measure of the freeze's political impact, however, may not be taken until congressional campaigns are under way.

Still, so on the Reagan administration is debated enough to believe that the freeze movement will not sink away. As it gathers support, it threatens to erode the consensus for a U.S. military buildup, which the president regards as an important bargaining incentive to the Kremlin. In a letter to The New York Times, Jesse Linky Shale—a resident fellow at the conservative American Enterprise Institute—warned that "modifications of emotional activity will continue to prevail unless until one or more negotiations are resumed and a modicum of success is achieved." Until then, Shale concluded, NATO security policy and American negotiating positions will become increasingly vulnerable to the pressures of public participation—in effect, pressuring the president. That is the underlying message of the nuclear freeze campaign, and Ronald Reagan is reading it loud and clear. ☐

Antinuclear demonstrators gathering in San Francisco: emotional anxiety continues to proliferate



PEOPLE

Alyson who killed **Christa Papp** Fletcher died in leather and studs as **Screamers** John in **John Gray's** *Rock and Roll* will love her. Broadcasting a whip in *Men of La Mancha*. Or so the Vancouver Opera must think. Along with two other *Rock and Roll*ers, **Frank MacKay** and **Andy Rhoads**, who play **Barney** and **The Gelfin**, they have seen Fletcher in the unlikely role of the wistful dyke-dream-believer, **Peira**, in their new version of the well-worn musical. Playing against type is "a treat" for the 30-year-old actor whose youth was spent "screaming up and down the shores of Nova Scotia like a right" in her car. "We've not been singing in an opera 10 years later." It's great to get down in the roles," laughs Fletcher. She has also recent roles in two Canadian horror films, *Thawana* and *American Nightmare*, which are both set to be released in the United States. But when *La Mancha* ends this month, Fletcher and her actress girlfriend, **Lenora Zane**, plan to head south "I want to be comfortable in life," she says. "The money is perfectly good in soap." Last Thursday, she was there perhaps, but **Warren Beatty** got his start that way when he, too, had a reputation for being untidy.

Nephew of **Jackie Turner** **Hopkins** didn't even plan to enter the 1981 **Soul Books** \$20,000 First Novel Award contest, let alone win it last week. But she changed her mind after reading of the unusually low number of entrants (possibly due to the judges' failure to decide on a winner for 1980). **Hopkins** has

tied her manuscript off by special delivery from her home in Kingston, Ont., to meet the Dec. 31 deadline with just a few days to spare. "I didn't think it would be accepted, but I'm a compulsive gambler," says the 39-year-old English teacher. She rushed to her chry and was presented with a stack of gold bullets for her winning work. *The Ivory Shovel*, which will be published by McClelland and Stewart in hardcover this October and in paperback by Bantam in 1983. **Hopkins** and her Queen's University professor husband, **Gordon**, use plan to see some of the cash to sponsor a child in India, where she got the idea for her book after they spent a four-month sabbatical there in 1977. But the money is no greater reward than the prospect of her children "Without reflect to



Ulrich's new look, most pleasing

Best soap-brother and pickup of visits with the folk group **Flod Pimples** and then appeared with **The Hendersons** and toured with **Valley**. Now, **Ulrich** is shedding that simple, folkie image. On her current *The Ship* album, "We want for a tougher sound," says **Ulrich**, whose new rock style is highlighted by **Chilwell's** guitar. **Mr. Henderson** "My next album will be even spunkier," she promises. With that sort of statement, **Ulrich's** creative mind is to be hard-pressed right along with her voice.

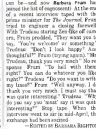
People who deal directly with **Pierre Trudeau** know how stubborn he can be—and now **Barbara** from has joined the list of opponents. At the end of a recent interview taped with the prime minister for *The Journal*, **Freem** tried to engineer a closing farewell. With Trudeau staring her like off-camera, **Freem** prodded, "They want you to say, 'You're welcome or something'." Trudeau: "Don't I look happy?" And **Freem** (sighing): "Mr. Trudeau, thank you very much." No response from "To hail with them, right? You can do whatever you like, right?" Trudeau: "Do you want to write my book?" **Freem**: "Well, yes, I do thank you very much. I read say that was quite interesting." Trudeau: "Why do you say you 'must' say it was quite interesting?" Stop tape. When the interview went to air in mid-April, the exchange had been edited.

—EDITED BY BARBARA BRIGHTON

Fletcher (above), McClelland with Seal winner **Hopkins** 'home package'

presumption of no argument, I can now say I am a writer." **Jack McClelland**, president of **Seal Books**, goes her one better: "Not only is she a fine writer, she is a natural beauty and an articulate presenter. As far as any in the trade, she is 'home package'."

"Most promising female vocalist" may be a misnomer for a singer with 10 years' experience, but it's a label **Seal** doesn't glow accept. The 30-year-old West Coast performer with the soaring soprano voice picked up two awards in that category last month: a U-Know and a *Juno* (which she won over fellow "newcomer" **Sabrina** *Bay*). "I really haven't been around that long as a solo performer," explains **Ulrich**, who



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COLUMN

Tory sound and Tory fury

By Roderick McQueen

The Tory policy conference later this month will have something in common with a gathering of astrophysicists: neither creates much that lasts. The federal Progressive Conservatives refuse to use the smoke and mirrors of successful politics, choosing to feel mortared with the fire and blast of self-destruction. At Tory meetings, the official program doesn't matter, what stokes the buildings does. And, usually, it's a smoldering mixture of past phobias and present paranoias.

For two decades, the Tories, so accustomed to losing that they hold treasure hunts to find new ways to fail, have been at each other's throats as if it might be their last meal. What suffers is policy, the fabric that drives voters, and leadership, the fibres that attract voters.

In 1969, when the party met in Niagara Falls, Ont., then leader Robert Stanfield was at a loss. Jack Horner would stage an affair of his secret rebellion in public within the year, so only rotten rotund was concocted. The freethiest bit was the phrase "The Immense Society" from the pen of a voiceless hack named Joe Clark, then a St. Catharines speech writer. A vulgar epithet, it was rarely mentioned again.

The party met at Ottawa's Château Laurier in 1971 at what was called the annual meeting. But was really held every two years! Policy took a back seat to the race for party president. Donald Matthews, a London, Ont., developer, ran against Calgary lawyer Roy Deyell, who was seen as the establishment candidate. Among the Matthews promotional paraphernalia was a badge that said DON'T BE MATTHEWS. The last two words were much larger than the first two. From a distance all that was visible was MATTHEWS. What this did, you see, was mandatorily suggest that there'd be no room for Deyell in Camp, the hated hotbed man who toppled John Diefenbaker five years earlier. Thus linked, reasoned some of Matthews' backers, the scores of Camp-banned delegates would mangle any Matthews' vision. Wiser heads, as they say, prevailed, and the badges

were never distributed. Matthews' was seen as a victim, for the little people against the party machine.

Two and a half years later, at the 1974 "National" meeting, 30 odd papers in papers were launched along with a *60/40* of resolutions, but prior and present controls were all that mattered, and Stanfield himself had already chosen to lag there through the next election. The people who worked on the disorganized manuscript made one thing clear: Toronto business group had been asked to comment on draft versions of the energy resource Canadianization

finger theorem. The supposed four were Clark, Flora MacDonald, John Fraser and Joe Gellard. The controlling chair, of course, was Camp. All the contributors reported the floor with positive decorum, but only a feeble few delegates voted for someone's views on the law of the sea or the law of gravity.

In Quebec City in 1977, policy mattered not a whit because Clark was on such a roll that the party gave him a 55-per-cent endorsement, an approval rating Clark took to mean policy was less about to make us prime minister. So, with the camera against fronting

Pierre-Canada, he was for it and with the world against moving the embassy to Jerusalem, he stuck with that, too. Other issues got settled by whatever Tory cabinet minister was footest of tongue. An argument about mortgage deductibility between Finance Minister John Crosbie and advisers to the PM Joe O'Brien was settled when Crosbie ruled a contra conference and announced that his position was government policy. Goodbye Joe.

Comes the 1982 policy convention this month, roughly called "Ideas for Decade." It is the ultimate in Tory confusion: no policy papers, no resolutions. Only what party President Peter Macdonald calls "a detailed, policy-oriented questionnaire" to be mailed to delegates after the meeting. It will be written up by the party, led by Allan Gregg of Dennis Reusch, the guru with the golden reputation and cunning to match. The gathered views may just get hung up somewhere, too.

While Clark's political future won't be based on the party until next January, he will be the number 1 corridor topic this month. The lively consensus, if Trudeau stays, is on Clark, if Trudeau retires, and is replaced by John Turner, the hard to see to find a new path to replace the old path. Of this meeting one thing is sure: policy remains a whimsical thing, an eternal debate between those who say governments defend themselves and others who say opposition parties must present alternatives. All one time, when the country needs answers, the Tories can't even write their own questions.



paper. After several sessions, including one midnight session in Ottawa when the only place to sleep were hotel sample rooms, they felt they had been of some use. Until Sir Alvin Hamilton invited them at a final meeting by saying "None of this will happen anyway, but the public demands we produce these papers."

Again, corridor chatter was about the presidency and what it might mean to the leader. The other dominant issue against Matthews this time was Michael Neighen, grandson of Tory Prime Minister Arthur Meighen. Ontario Premier Bill Davis roamed the halls with Paul Ward, one of his political advisers. Delegation men wearing Matthews' symbols, construction hard hats, were pointedly told, "No one in Ontario is wearing that hat today," Neighen rove.

At the 1976 leadership convention, policy sat in the furthest block from along with the ever-present ghost of Dalton Camp. Talk was about "the four



Smiling Jack endures a sea of troubles

By Suzanne Zvarvas

When Verso Atrial, a controversial Toronto company, told the New York Society of Security Analysts last January that Verso Atrial Ltd. was entering on the brink of insolvency, the analysts reacted with surprise and some incredulity. But last week, no one was denying the severity of the financial problems afflicting the Calgary-based oil company. In the previous three weeks, Dome had laid off 150 employees and resorted to job offers to 300 graduating students. At the same time it was buying the bank in search of buyers for \$1,000 acres of its foreign holdings. Slagging under a massive debt load, the company was clearly deep in a sea of troubles.

With bankers knocking at the door, Dome officials were hoping that much-needed help would be provided by Montreal financial wizard Robert Randen. During an eight-year tenure as president of Canadian National Railways—he resigned on March 25—Randen turned that company into a profitable operation after years on the red. Last week, he was considering an offer from Dome to come aboard as its vice chairman, a post that would be crucial especially for him. It was not clear what answer Randen would give—he declined to comment publicly on the matter—but his delay in reaching a decision did not bode well for Dome's chances. As the company's chairman, Jack Gallagher, told Montreal: "I doubt that anything is going to come of it. Randen's whole family is in the Ram."

It is ironic that Gallagher, who is the past 35 years built Dome from a one-man operation into the largest oil company in Canada, is now looking for a helping hand to resolve the company's problems. He believes, however, that Randen's experience in running CN could be put to good use at Dome. The company, he says, thus needs "greater depth" in its financial structure. Randen's presence would also help. "If the guy creased it, Dome's management last month when its chief financial officer, Peter Boyette, went on leave of absence still, if efforts to recruit Randen or another financial heavyweight with some credentials will pay off, Gallagher says he will not be unduly deterred. "We'll do our best," he said. "There's only one way we can go and hopefully that's up."

Called Smiling Jack for his perpetual grin, Gallagher points out that the entire energy industry faces "a major challenge just to survive." In fact, Dome is one of about seven oil companies suffering under enormous debt loads in the face of falling demand for oil and the increase in the royalties taken by the federal government under last fall's energy agreement. Even the major multinationals are suffering. Last week, In-



Gallagher at Dome radical surgery is under way

perial Oil announced that first-quarter earnings were off 60 per cent from the same quarter last year, and similar gloomy results were released by other big oil firms. But Dome is particularly bad off, largely because of heavy borrowing last year to finance its take-over of Hudson's Bay Oil and Gas (HBOG). That move added Dome with more debt than any other Canadian company—an estimated \$6.35 billion, \$3 billion of which is owed to Canadian banks.

To deal with the problem, Dome President William Richards unveiled a master plan early this year that would reduce the company's debt load by December to \$3.8 billion. The plan entails suc-

cessive surgery on selling off some of the properties parked up in the trust's securities as well as some unexpected financial shuffling with Dome affiliates. For one thing, a 37.5-per-cent interest in some of HBOG's Canadian assets has been sold off to subsidiaries. For another, a \$500-million loan from a Japanese company has been transferred from Dome Petroleum to its affiliate, Dome Canada. Dome's highest-profile step in its effort to slash off its debt, however, was its withdrawal from the Alberta economies last Feb. 26.

So far, Gallagher says, Dome has reduced its debt to \$4.5 billion and by year's end that figure should be approaching the target set by Richards. Before that, however, Dome must find buyers for HBOG's foreign assets. These include four major offshore basins in Indonesia, three large offshore concessions in Australia and other holdings in Brazil, Egypt, Gabon and the North Sea.

Dome has also had setbacks in its Alberta operations. Because of problems in marketing oil, "We've had to cut our production by 50,000 barrels a day and if you multiply that out for a year, it will cost us \$300 million," says Gallagher. And that does not count other natural gas, he added, or a "relatively poor market for liquefied petroleum gas." As a result, the Dome chairman would not rule out the possibility of further layoffs. "There's nothing specific yet," he said, "but we have to run a lean ship."

Although Dome's pessimistic position is keeping its bankers awake at night, Gallagher still extols the company's assets—it is the fifth-largest oil producer in North America, as well as the major explorer in mainland Canada. He is also heartened by the Alberta government's recent \$5.4-billion infusion into the industry and is "hopeful" that similar federal help will be forthcoming.

Gallagher, who will be 66 in July, quickly brushes off suggestions that he might retire soon. He insists that he is planning to "stay around" until oil starts to flow from Dome's Newfoundland operations. Moreover, despite his company's woes, Gallagher is still smiling with characteristic enthusiasm. "Why not? You only go through life once," he says. In the coming months, that optimism will continue to be severely put to the test. ◇

A new way to play the stock market

Temper was thin last week as the Ontario Securities Commission (OSC) began hearings as a request by the Toronto Stock Exchange (TSE) to launch an exotic new way of buying stocks. But the issue need was predictable in light of the importance of the subject under study. The TSE is proposing to introduce a variation of a rare market hybrid known as stock index futures. If approved, the system would mark the Canadian premiere of a unique trading instrument that has attracted fierce controversy and is the latest in a series of recent dramatic innovations in North American exchanges. Stock index futures are now being traded on two exchanges in the United States. But as the rival legal teams squared off in Toronto last week—one representing the TSE, the

vestor would make \$5,000 even though he had only put \$2,000 down—a remarkable return on an investment. But if the value of the index dropped, his loss could be equally stunning.

The TSE argues that the new contract would be mainly used by portfolio managers seeking to protect their holdings in individual stock. Not only that, the TSE contends that its contract would be closely policed to guard against manipulation and insider trading.

But as our staff report alleges that, on the contrary, the TSE's scheme would be too open to abuse and that its al-

tractiveness would divert funds from the equity market. The commission staff alleges that it is too much for the TSE to disprove these claims before the OSC can give it the green light.

Whether the TSE will be able to do so remains unclear. But in the meantime, investment dealers are already anticipating the lucrative possibilities of the new investment tool. Their response to the charges that the TSE's proposal is flawed in the market debate. The OSC commissioners, however, may well prove far less adventuresome.

—JAMES FLEMING

As the rival legal teams squared off, it became clear that the birth of stock index futures would be difficult at best

other the OSC—it became clear that the birth of stock index futures in Canada may be difficult at best.

The TSE's version of the new type of contract is called the Toronto Equity Futures Contract. It would enable interested investors to bet on the upward or downward movement of a basket of 18 major stocks whose fortunes would closely track the movements of the market as a whole. To calculate the value of this "index," the TSE would take the value of 100 shares of each of those leading stocks and add them together. Last December the total value of this index was roughly \$30,000.

For an investor, buying into that index could be an attractive proposition. With a minimum 20-per-cent downpayment of \$2,000, a speculator who expects an upswing in the market could purchase a contract worth \$50,000. Under the terms of the deal he would agree to take delivery of the 1,000 index stocks at a set future date. Until that time, the exchange would track the value of the index on a daily basis. If the index rose, the buyer would pocket his profit; if it fell, at the expense of the seller. Before the delivery date, the buyer would decide whether to take the stocks or sell the contract to someone else at its new higher price. Consequently, if the index moved from \$30,000 to \$35,000, the in-

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The economy in crisis

By Ian Anderson

The only hint seemed to be the key above the 49th parallel when the Royal Commission on Canada's Economic Prospects issued its landmark report 25 years ago. Giving bright-eyed Canada that they had "very reason to look forward with optimism and confidence to continued economic development and to a rising standard of living."

In 1965, it was "not an inhuman distance" to peer 25 years into the future. But Canada's decision-makers seem as uncertain about what will happen next week as do the country's 1,000,000 unemployed. "Frankly, the future is bloody confused," concludes Thomas Maxwell, chief economist for the Conference Board of Canada. Mike Hyman, for 31 years the Canadian director of the International Association of Machinists and Aerospace Workers, goes even further: "I've never seen a time when so much was in the offing and there was so little consensus as at all levels—all levels."

As Pierre Trudeau gathered his cabinet together at a Moose Lake retreat

last Sunday, the economy seemed in a crisis on all fronts. The crisis of a nation whose average income in 1971 ranked third behind Sweden and the United States have seen their earnings drop to 16th place in the world. At the same time, inflation hovers stubbornly at 11.35 per cent, interest rates seem frozen at 11.35 per cent, and productivity remains the lowest in the Western

Automation in the lumber industry and on the auto assembly line has merely meant fewer jobs available

world. Even those Canadians who are waiting for a budget compromise from President Ronald Reagan to spark a U.S. recovery seem destined to be disappointed. Normally, a recovery in the United States would signal an upturn in Canada. But this time a growing number of economists, such as Carl Blegen, president of the C.D. Howe Institute, fear that Canadians will not be rescued by their southern neighbors. In their

view, the current recession is only confounding what more serious, deep-rooted, made-in-Canada problems. Significantly, while Reagan's strongest manufacturing policies have indeed worked to lower U.S. inflation and wage settlements (story, page 40), Canada has left all the pain and some of the gain.

Still more alarming, it is becoming increasingly clear that in the nation of political options, the Canadian economy is simply not poised to take advantage of the hoped-for recovery when it finally comes.

The reasons for the debacle are as numerous as they are disconcerting. For one thing, as politicians in Canada debate, a new economic order is evolving, based on new technologies with which Canadians are too poorly equipped to compete. Indeed, the Economic Council of Canada has begun studying Canada as a less-developed nation, not as an industrial power. The inescapable conclusion being drawn is that Canadians who have already seen cuts in health and education spending face even more difficult times.

Now, the solutions would have to be

Robots at Corvair's Ford plant. The future is bloody confused

radical, and everything from wage and price controls through high tariff walls, to a free-trade pact with the United States are being considered, if not openly discussed. But there is also very real reason that Canadians are still unwilling—or perhaps unable—to even discuss making sacrifices. Little wonder that as Trudeau and his Liberals looked back at the 1970s—when so much might have been accomplished—some referred to those years as the "lost decade."

The current national lament is: where did Canadians go wrong? In 1965, the royal commission forecast a doubling of national resource exports, and the country easily proved it right. Manufacturing continued to rise with a postwar boom. Indeed, in the years leading up to 1975, Canada's productivity grew nine times faster than in the years since. By the late 1960s, Canadians enjoyed a healthy, secure economic position.

Since then, there has been an almost steady erosion in all sectors. The overseas, a shrinking lion, the mining and forest industries have simply to hang on to their shrinking shares of the world market—and manufacturing is on its knees. While Canada once controlled 80 per

Computerized log operation at Macmillan-Bloedil made-in-Canada problems

cent of the world nickel market, its share is now less than one-third. Last year's production of copper, zinc and nickel was actually lower than in 1977—partly because of the recession, partly because of new mines in the Third World. Over the same period, Canada's

Canadian self-esteem with the collapse of the auto industry which has seen all three giant motor companies lay off indefinitely a total of 20,000 workers. At the same time that a fully modernized car plant in Oshawa was laying off 1,750 workers, Japanese im-

ports topped 64% Canadian production for the first time ever. And suddenly people started to talk about automobiles and tourism as "mass" industries. It was like a bad dream. The industry that had come to define industrial superiority now became the symbol of a waking.

Even as Canada slipped behind the progress of other nations, new Star Wars technologies were invading the workplace. While Canadian machinery is now older on average than it was 10 years ago, robots are becoming an everyday feature in Japanese factories. The more advanced Canadian companies feel compelled to follow, regardless of the impact on employment. "If you don't achieve world productivity in an era of free trade, then you're not going to have any employment," says Allan Curwright, chairman of Canadian General Electric. But even the general belief that Canada is a world leader in high technology is a myth. Larkin Keown, president of the National Research Council, says that such companies as Mitel, Spar Aerospace and Northern



MacEwen on budget night, little awareness



Trifonov are world leaders in their fields, but hesitates that a mere four per cent of Canadian companies could be considered "technologically advanced." Countries like Yugoslavia and Belgium are probably around our level," he says.

At the same time that the economy was plummeting, Canadians watched the spectacle of political, industrial and labor leaders dancing to their own tunes. Neither the reform nor conservative typified economic planning in the 1970s. The government seemed to lose opportunities to prepare for the current crisis. The wage and price controls period (1975 to 1977) was supposed to provide a "breathing space" for sales deflation. In the major policy paper of 1978, *The Way Ahead*, the government promised that the controls period would be used "to reflect on the economic directions that would be appropriate after controls are removed."

That was hardly the case. In 1977, an advisory council of between 30 and 60 representatives from business and labor was officially proposed—and then forgotten. Not only that, but over the past 30 years, Ottawa made four separate attempts to evolve what was loosely termed an "industrial strategy." All four efforts were deemed inappropriate—economically and politically—and scrapped.

Over basic management seemed to go unattended in the last decade. When he became employment and immigration minister in 1980, Lloyd Axworthy discovered that his department had not conducted a survey of job and skill requirements in 15 years. "We were so wound up in other debates—national unity, resources redistribution, in-

stance—that we didn't look at some of the more substantial issues," Axworthy says.

As a result, the substantial issues are still outstanding. As world economies are being reborn around microcomputers, robotics, not one of the 36 federal ministers has science or engineering training. But there are 19 lawyers in the cabinet, perhaps a fitting ratio in a country that graduates two lawyers for every electrician, engineer. At the same time, the targets for national spending on research have been peaked back two years to 1985. But it is just as an investment that holds the key to increasing exports and reuniting a techbase for Canadian industry in a home market that last year spent an incredible \$13 billion more for imported manufactured products than for Canadian-produced ones. Canadian industry, says Kerwin, is "in danger of being buried."

The national spending target for research—1.5 per cent of the gross national product—is indeed modest. For their part, university administrators have warned Ottawa that a decline in PhD students through the 1970s may imperil the research targets more than a lack of money. That is not all. An even more intractable problem faces politicians who, because of lack of leadership, now find that when they need the goodwill of their voters to bring about tough changes, they have the least support. In a spring poll by Dennis Re-

search of Toronto, eight out of 10 Canadians said they were dissatisfied with the direction the country is taking. "There is a kind of neo-fertile economies developing in the absence of a clear consensus on how to solve long-term problems," says Kristin Shannon, chairman of TransCanada Social Policy Research Ltd.

Against that backdrop of distrust, it is not surprising that any proposed solution quickly produces disagreement. So far the space of arbitrarily ignoring American monetary policies and simply lowering interest rates has not found favor in government circles. The greatest fear is that respect is that lower rates would force a devaluation of the dollar, and this, in turn, would result in higher export costs which might add to inflation. Another radical idea—one proposed last month by the Senate foreign affairs committee—is to abolish all tariffs between Canada and the United States in order to force a kind of continental economy. Opponents argue that Canada's already weakened industry would be wiped out by unrestrained American competition.

All the opposite end of the debate, economist Reize suggests that the ultimate solution might be to rebid the tariff walls Sir John A. Macdonald first erected around the infant nation in 1829.

Others, workers protesting layoffs, rather reason for conservatism



Reize, no U.S. rescue



1829. This notion is supported by University of Manitoba economist Paul Phillips. "It's not sure it does mean a lower standard of living, particularly in the long run," he says. "We have to support the people who managed anyway. Perhaps it would be a fair method of redistribution to pay high prices."

But for a trading nation such as Canada, development within a fully protected economy would be even more difficult. In its trade with Japan, for instance, Canada does not hold four new. Japan's desire for Canadian oil is nothing as a result of oil price fall, despite a policy designed to diversify Tokyo's reliance on Australian supplies. Japan has already tried to delay development of an Alberta coal project, and even the massive development of oil reserves in northeastern British Columbia offers small leverage. "Only the Japanese can make orders large enough to justify original development," insists Reize. "I call co-ordinator Rex Hasford. In short, Canada needs Japan, more than Japan needs Canada."

But the option that is probably being considered most seriously and that Finance Minister Allan Rock has reportedly broached with business leaders last week in Toronto is the controversial issue of wage and price controls. The idea that wages should be lowered in order to improve competi-

tiveness and productivity goes to the very core of what is perceived to be the country's industrial weakness. To stay competitive with the United States, wage settlements in Canada would have to be pegged around eight per cent—or well below the inflation rate of 11.8 per cent. That might improve the trade balance with Japan. Currently, because of

lower wages and higher productivity, the Japanese can land automobiles in Vancouver at prices from \$1,500 to \$2,000 cheaper than they can be produced in Windsor, or Oshawa, Ont.

The dilemma is murky. "With falling productivity the only national industry wage increase is a wage decrease," says American economist Lester Thurow. But Ottawa justifiably form the social opinion that would grant any such enforced cut in living standards.

The alternative may be worse if Canada's competitive position weakens any further. The president of the Canadian Export Association, Thomas Burns, warns of "sharply increased international competition" through the 1980s as industrialized nations try to put their 28 million unemployed back to work. "Rates of growth in the industrialized countries are much lower than anyone would like to see," declares Burns. "The solution for most countries is to supplement their economies with export-led growth." As Trade Minister Ed Leamy discovered, it is a stuporally bad time to sign trade reductions

in Japanese car exports. But even the idea of trying to be competitive seems to be up for question. "I would argue that you can't compete with the Japanese," says Sam Grudin, the Canadian research director for the CNA. "That is a chilling thought for the 30,000 Canadian auto workers on indefinite layoff." "We would be pessimistic about most of those workers ever getting back," Grudin adds. As a result, the CNA agrees with the companies and the Ontario government that the industry must be protected. "As long as you leave it to the market, someone is going to do the job cheaper," says Grudin. "The industry is going to meet the Japanese problem; the question is, what does it mean for jobs?" If GM solves its problems by buying engines from Mexico and transmissions from Japan, then GM solves its problems. But where do we wind up?

And that is the toughest question of all. Where once the industrial nations held a monopoly on the machinery, the circle of technology is widening. The Canadian government responded in the assault on the textiles and entry with import quotas and discovered that those only reduced the incentive to modernize after markets had been guaranteed. Every other sector is destined to feel the competitive heat, from what American sociologist David Bell describes as "the new international division of labor."

Says Cartwright of CNA: "Over the next three or four years, every product we make will have to be internationally competitive or we'll get killed by our competitors."

In David Bell's analysis, the widening circle of new industrial nations that are leaving behind their undevel-

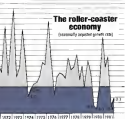


Burns, more difficult



oped states will move increasingly into markets once held exclusively by the old "core" of developed countries. First it was textiles, then steel and cars and finally—on a plateau Canada has yet to achieve—computers and electronics. The old industrial elite is forced to innovate continually in order to protect its high standards of living. The alternate resource became horsepower, as the Japanese have demonstrated. While the average Canadian self-worker earns \$22.52 an hour, his counterpart in Japan makes \$7.75—and he is looking over his shoulder at workers in Mexico making \$4.46 and in South Korea \$3.30. For the Japanese, the key to keeping above the fray is endless technological advance, as a small cadre of Canadian companies understands. "Price is important, but if you have the technology, you can probably expect even your price is higher," says James Carman, Westinghouse Canada's vice-president for strategic resources. Pierre-Paul Proulx takes it a step further: "If you're always concerned about non-competitiveness, then you're at the wrong end of the product cycle—you're too late."

Profitability is a dark angel. Northern Telecom, for one, increased its sales by 80 per cent in the past 18 years, but its market grew by only 15 per cent. Macfitter (Beebe) Ltd. modernized its Port Alberni, B.C., sawmill and boosted production—but cut its employment. James McKeown, Nova Scotia's deputy minister for development, frowns as he and to federal policies that put a premium on employment over technology—and put this province at a



disadvantage in world markets. The result, less employment in the factory.

Training in specific skills was once the certain road to a better job, but it can no longer offer employment guarantees. "No what do you do with Windsor?" queries Fred Lester of York University. "So what if it has skilled workers—skilled workers aren't so important now."

Where the new jobs will arise is still another perplexing issue. There are two schools of thought on whether the new technologies will create more jobs than they eliminate. "I don't think anyone knows," says Philip Fag, in charge of strategic policy and planning for Employment Canada. But the need for new work is enormous and will not be solved by mega-projects alone. Since last August, 200,000 jobs have been lost in manufacturing—a figure roughly equal to total employment in all primary resources.

What is clear, however, is that jobs will not be pulled up by the service sector, which created the vast majority of new employment during the past 20 years. With its new microelectronic

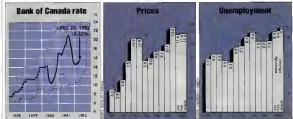
technology, Bell Canada sends just one Canada-wide 16,000 telephone lines, compared to four workers a decade ago. "Most processors have made circles and secretaries to productive that Westinghouse Canada decried that its executives must now get their own coffee. But the net effect is fewer people employed. James Carman of Westinghouse agrees with Amosworthy that the emphasis must be placed on intraining and retraining. "What's going to happen is that a whole new breed of employees is going to emerge, with a whole new set of skills," says Carman. "It doesn't mean the head count will change, but there will be a different kind of head."

The grim reality of the new economic reality are shaking Bob White's heart. "For the first time in a thousand years, we are working full-time and failing to meet the increased costs of their mortgages," laments White. "For us to go to a worker and say we can't get him a wage increase for two or three years and that he's going to lose some benefits, too..." The young union leader can only shrug. "The one way we can do that is if we can tell him, 'If you don't, you're going to lose your job—and if you do, you're guaranteed a job.' And I don't think it's black and white in the automobile industry that you can guarantee anyone a job these days."

The difficulties facing policymakers are compounded by the fact that they simply lack the funds they need to patch the economy into shape. In Ottawa, a senior official at the ministry of state for economic and regional development breaks down the money Ottawa

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Walk-up to a mile-long compromise

By Michael Posner

There was a revolution in Washington last week—a riot of nature that finally swept away winter's tired routine, replacing it with a provisional government of taps and a cabinet of blizzards. And for a brief time, the nation's economic-political scenery seemed almost a trifle, as weightless as the apple blossoms drifting in the southern breeze.

That was not, however, the case for Donald Regan and his men. This week much of their week had been indoors, negotiating with congressional leaders in an attempt to bring the

covered by the mid-May deadline and it will probably contain several controversial elements: a tax surcharge on incomes above \$25,000 a year, roughly \$20 billion in defense reductions, a new tax on domestic and imported oil, a freeze on nonmilitary spending, and ceilings on automatic cost-of-living adjustments for a host of retirement programs, from social security to food stamps. Negotiators believe these measures would produce a whopping \$400 billion from budgets over the next three years, sending a firm signal to dithering financial markets that interest rates can be brought down.

per cent—the first time in 37 years when a dollar has been as strong as it had been one month earlier. No less significant is the recent pattern of moderate wage settlements.

Auto sales and housing starts—hallmarks of the economy's two most ravaged sectors—have also shown slight upticks. And in these categories as elsewhere, the 10-per-cent personal tax cut scheduled for July may release long pent-up consumer demand. Moreover, investors are now so delighted that some investment-grade bonds, long deemed unmarketable—a view supported by the March rise in new factory orders for durable goods.

There's still a lot of uncertainty in the financial markets," concludes George Brown, vice-president of Data Resources Inc. in Washington. "But the evidence suggests the economy is now becoming out."

Still, if the economy's upturn is now only a matter of when, the question for markets most face are how long the recovery will last and how strong will it be. The apparent answer it depends on "the fundamentals are remarkably healthy," insists Chairman of the Federal Reserve's Vice-President Louis Taub. "The potential for sustained growth is tremendous." But Taub's bullishness is conditioned, resting on a Reagan-O'Neill compromise that bridges the 1983 budget deficit to \$190 billion. Should the talks break down, Taub predicts one recession or perhaps the third recession in three years.

As a result, the spotlight must focus squarely on the principal actors. Somehow Reagan must seal a compromise that convinces neither tax out nor weapons procurement, but still guards on both. Somehow Tip O'Neill must consent to curb the costs of social security and other programs that form the bedrock of Democratic principles.

What occasions optimism is chiefly the recognition by both sides that failure is a double-edged sword, and strikes it soon, carries still graver risks, affecting not only fleeting political careers, but the economic health of the United States—and by extension the Western world—for the next 30 years.



Regan with O'Neill: a powerful suspect is opposing the administration.

Without a bipartisan agreement to find an extra \$40 billion through budget cuts and tax increases, the high interest rates that have driven the economy into recession will only move up.

Rises at present levels, the rates threaten to abort economic recovery. And with congressional campaigns looming ahead, this is clearly a source that Republicans of all stripes regard with trepidation.

For his part, the president continued to give his active approval that the budget could be resolved in a Reagan-Regan conference. Reagan vowed to "be the extra mile" to reach a settlement. In a referendum, his chief adversary—Democratic House Speaker Thomas P. O'Neill—said that Reagan might walk an extra mile for a Reagan, but not for compromise.

Still, despite that week's cautious signals, some money in Washington is betting that a solution will be found. An accommodation might even be dis-

PRESS

A crew of Canada-watchers

By Ian Acosta

Andrew Malcolm of The New York Times doesn't fit the stereotype of a foreign correspondent. Instead of dodging bullets in El Salvador or hobnobbing with diplomats in Brussels, Malcolm spends typical workdays pounding on a typewriter in a windowless, downtown Toronto office, where the only hint of intrigue is an old subway from a Saigon hotel. But his assignment—to report a scene of Canadian life to American readers—is as challenging as that of far-flung colleagues and takes him from Maritime factories to prairie co-operatives.

When Malcolm arrived in Canada four years ago, his only American counterparts were The New York Times' veteran Ottawa man, Henry Guegar, and The Wall Street Journal's Canadian-born staffers. But that solitary group has now been joined by an influx of American press seeking to explain the enigmatic neighbor to the north. Both the Los Angeles Times and The Detroit Free Press have opened Toronto bureaus, and, in the past two months alone, the Dallas Times Herald and Associated Press (AP) have each dispatched correspondents.

Such changes do not come cheap—the costs of a portable computer to minimal office space and a travelling reporter run to about \$100,000 (U.S.) a year. But American newspapers are looking for news that just quips press wrap-ups. As heralding Canadian-American tensions over such sensitive issues as the National Energy Program, acid rain and foreign investment have quickened curiosity, U.S. editors are clearly convinced that Canada is worth watching. And Americans, once convinced that Canada was merely a water of hockey games, corporate take-overs, and French separatist squabbling, are discovering that Canadians too are facing crippling high interest rates, acute housing problems and the rise of religion and gay TV. Confirms Malcolm, who is also writing a book on Canada: "Part of my self-appointed mission here was to fill in the blanks."

The sudden demand for Canadian news from an American press of view has prompted papers to deploy their strongest young talents. Gene are the days when a posting to Canada was nothing less than a professional death sentence. "Cold Ottawa, Boring Ottawa, Boring in the magazine Ottawa," was the sports editor in Colvin Telford's, *Flower*, about a lifetime New York

magazine. Malcolm admits that for many years U.S. editors viewed Canada as a pasture for aging correspondents awaiting retirement. When peace reigned between the two countries, he explains, there was little incentive to read Canadian news.

So acute was the press neglect until now that part of the bureau's job will be to re-educate their readers. Jon Katz, the Dallas Times Herald's managing editor, says that when he recently polled some leading Texas businessmen he found an "appalling lack of knowledge" about Canada. Though most could name the prime minister, they envisioned the country as largely a land of snow and lumber.

As increasingly tangible evidence of Canadian economic resurgence appears south of the border, Americans are finding they can't ignore Canadian trends. Major take-overs on Wall Street are financed by Canadian banks while

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Midwest grocery stores are stocking six-packs of Mowbray Ale. The growth is such that, according to Maloia, a hypothetical New Yorker could soon wake up in a Canadian-owned apartment building, ride to work on a subway car built by Bombardier in Montreal and get in another day for his Canadian employer.

Maloia's stories, as a result, attempt to personalize the cold news facts, whether that means spending a week with Joe Clark's family or interviewing veterans' Via Rail chads. To meet his goal, the 38-year-old reporter has crossed the country five times by rail, twice by rail and made numerous excursions to the North. Although he has chronicled the regular accounts of Canadian oil prices, Maloia claims his most highly read stories talk about the ordinary guy. To acquaint readers with the demise of native educational systems in the Territories, for example, he used a story about his seven-year-old son learning the skill of dogpaddling from an elderly Cree man.

The advent of an AP bureau, set up last month by Charles Campbell, means that even such small-town dailies as the Wells Wells Chron-Bulletin will be able to boost their Canadian coverage. Although the co-operatively owned news wire service meets all or most of its 1,338 members' foreign news needs with bureaus in 114 countries, AP hasn't claimed space in Canada for more than 40 years. Instead, it has relied on a news exchange agreement with its northern counterpart, Canadian Press (CP). But AP's president and general manager, Keith Peller, says the increase in trans-border issues has prompted many subscribers to call for more stories about Canadian impact on U.S. affairs. Unlike traditional wire reporters, Campbell (and a yet-to-be-named second AP correspondent arriving this fall) will have the time and money to travel extensively, writing feature analyses.

The belief that American readers want more information about Canada provides a strong financial rationale for the newspaper's expansion. Correspondent David Zeleznager's arrival in Toronto is part of the prosperous Times Herald's attempt to overtake the circulation of its rival, the Delta Morning News. A year ago, the Times Herald operated one foreign bureau; it now boasts four. In the resulting confusion, Zeleznager admits, the paper has yet to develop a feel for Canadian stories. In fact, it was only after virtually dismissing any reader interest in the past and confirming that the Times Herald gave Zeleznager the go-ahead to nose the Queen's production. Like his counterparts, Zeleznager admits it may take some time before he can send the complete picture across the border. ☐

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The wan side of the law

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The administration of justice in Canadian courthouses needs nothing in the way of reform, if we are to judge by *Julius*, a rare 10-part series starting on CTV this week. As a crusty coronado, Tony van Bridge is stereotypical—forever hawking janglers with contempt threats, taking over interrogations when it's not to his liking. Anyone expecting a cunning old totem in black robes would be well directed to Charles Laughton as William for the Prosecution, this playwright has been deliriously better to slave on the heart of gold that beats beneath the crust, the Solomon-like wisdom of his compassionate sentences.

If only the cases—which are based on actual Canadian trials—before his bench were progressive, paradoxical, quirky. Instead, we have easy-to-digest conflicts wherein the viewers' sympathies are instantly recruited for one side, to be endorsed by the ultimate ver-

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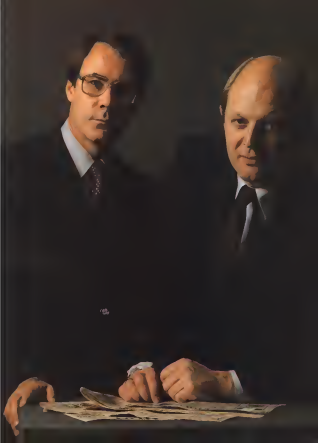
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LABOR

The fishery that doesn't float

By Michael Clugston

The same story echoes through hundreds of small fishing communities at the edge of the Atlantic provinces. "Right now, things are pretty desperate. The only thing that pulled us through last year was a half-dozen lobster seasons in the fall," says Joe Richman, a 38-year-old fisherman from Little Harbour, a hamlet tucked away in one of the inaccessibly narrow bays of southern Nova Scotia's Shubenacadie County. Nine years a fisherman, Richman has managed to pay off his own 35-ft boat, which makes him luckier than most. "You hear about guys selling the works and fishermen who, if they don't meet their payments this month, will have their boats repossessed. A lot of people, I feel, are not going to make it."

In a country where prairie drought is front-page news at harvest time, and where the ravages of forest fires cause widespread hand-wringing, the troubles of the Atlantic fishery have drawn scant attention. But behind the clichés of wooden boats and sea-worriers lies an industry of critical national importance—the direct employer of some

80,000 people in the region. At the best of times, the industry falters. Its costs are high, its revenues low, and it is as much come-uppance with the American economy that a dip in the U.S. can send it toppling.

Last winter brought the third re-stocking thump in 25 years, and this time there is more at stake than ever before. As costs and interest rates spiraled, three-quarters of New Brunswick's fishermen were unable to meet their boat payments. Says Omer Chouard, a spokesman for the Maritime Fishermen's Union based on New Brunswick's Gulf of St. Lawrence coast, "All the fishermen are broke." In Newfoundland, a belt of annually sold water blocked the groundfish from coming to shore, where the inshore fishery normally employs about 20,000 full-time fishermen, and average incomes plummeted. Selling \$1,000 financially strapped processing plants in St. Anthony, Nfld., Georgetown, P.E.I., and other centers—often the only source of income for thousands of people—are not likely to open. "If 1983 is as bad as 1981—and the signs are certainly pointing that way—then I think a good proportion of the industry would fail."

says Rex Campbell, president of the Fisheries Council of Canada, the fish processors' organization. "I guess you'd have to call that catastrophe."

In the past, the federal government has bailed out the industry with money. But those days are over. When the wreckage of the 1981 fishing season became obvious last fall, Prime Minister Pierre Trudeau dispatched his minister, free-ranging troublemaker, Michael Kirby, to find out what and for what ailed the industry. Well over 100 studies and reports have already sought out its fatal flaws and suggested remedies, only to be ignored. But now Kirby will follow up on his task force by becoming the next deputy minister of the federal department of fisheries, he may have a chance to change the basic structure of the industry.

It won't be easy. For one thing, the business is uniquely fractious. Governments, fishermen and companies fight among themselves with depths of contempt and mistrust rooted in generations-old grievances as well as in current squabbles. It is also uniquely regulated by regulations and subsidies—see structures. The federal government's budget of \$425 million equals

nearly a third of the total reported to the fishery. If the regulatory system were streamlined, says the Economics Council of Canada in a report last December, the wealth from the coastal fishery could be increased fourfold.

In its technology and scope, the fishery ranges from the medieval to the space age. The squariness of New Brunswick are dotted with vessels whose designs have not changed for centuries, on locations jointly owned by the same families for generations, with the same names. Star of Hope or Aggravation. There, fish are trapped in the maze of poles and nets and harvested by people who simply cast them off across muddy flats at low tide.

The hope is to set a small family processing plant that stays open for only a few weeks in the summer. At the opposite extreme is the dynamic fleet of herring trollers that will slip out of Yarmouth, N.S., in the evening—armed with electronic sensors that detect the fish—to return the next morning with a harvest calculated to fill a speakeasy. They may sell to one of the Big Four vertically integrated companies that own more than 90 per cent of the offshore fleet and land half the region's catch.

The Big Four are to the East Coast fishery what Ikea is to Canadian nickel, yet they too are caught in the cost-price squeeze. Not even the mighty Nicholson and Sons of North Sydney, N.S., has been spared. Only five years have passed since owner-brothers Jerry and Harold Nicholson became overnight purveyors of enterprise by purchasing the controlling interest in National Sea Products Ltd., one of the country's largest food processors. But National Sea lost at least \$2.5 million on its fishing



Inshore fishermen worry about not out

operations in 1981. And last winter Nicholson mismanaged its 29 deep-sea trawlers to borrow working capital—on top of debts already amounting to more than \$100 million. In Newfoundland, the Lake Group Ltd., which has tentacles on the edge of collapse for years, was saved at the last minute by a \$5-million government bailout last winter.

The size and dominance of these companies make their financial health a matter of general concern in the region—and sometimes cause for panic. In Grand Falls, Nfld., the 108-member Concerned Citizens' Committee descended on the harbor one rainy night last November, intent on physically preventing their town's fishing trawlers

from being called away by the bank-rupt owners, the Lake Group. Although that was a false alarm and the Lake Group has been reorganized, thousands of Atlantic Canadians still worry about the future of the Big Four. "The problem is that they are the biggest and the richest people in the valley," says Allan Ritchie, executive director of the Eastern Fishermen's Federation, which represents 30,000 inshore fishermen. "Nicholson is only one of several hundred companies, but if he goes down, with him go North Sydney, Lunenburg, Shippenon, Greenstone and other towns."

The companies would be destined to be called "only." After all, they are used to the more turbulent ebbs and flows of the north-temperate industry, where the main battle line is drawn between the offshore and the inshore. The Big companies own the offshore fleet—about 100 trawlers capable of carrying as much as 300,000 tonnes of fish. They stay at sea for as long as two weeks, scraping the bottom with prodigious nets. The inshore boats are no more than 30 to 40 feet long and return to their small villages after each day's fishing a kilometre or two at sea, where they tend lobster pots, gill nets, net traps and other family-owned operations. Each sector thinks the other is getting too much fish.

Under attack from both sides is federal Fisheries Minister Renee LeBlond, although he has clearly sided with the inshore. One LeBlond measure permitted the small operators to sell fish directly over the side to foreign ships, denying the big companies the guaranteed market. But the big companies say they want to keep in step with foreign producers. Another barred the offshore from the Gulf of St. Lawrence, making it an inshore preserve. There have been published reports that the processors have called the government to force LeBlond, so strong in their antipathy toward him. Much of Michael Kirby's success will rest on whether or not his "third solution" will be acceptable to both sides.

When "hank-shedding" (as Newfoundlanders call people who do not fish) picture the fishery, they usually conjure up visions of such glacial species as lobster, salmon and scallop. But the heart of the business and its biggest money-maker are the lowly cod, haddock, and haddock, mostly known as groundfish, since they pass three days at the bottom. Almost three-quarters of Newfoundland's fishery comes from these "hugely looking" species. Although groundfish accounts for less than half the catch in Nova Scotia and even less in New Brunswick and P.E.I., they still provide more than half the income for the entire fishery. And so it is particularly the groundfish sector (and the dra-



Photo by AP



Replica of a 13th-century two-stage rocket displayed in Chinese naval warfare

A feast of oriental science

By Shona McKay

The hunt began in 1986 as academics and historians from Peking descended upon the towns and villages of China in search of the scientific past. In the province of Shensi they discovered masonry who possessed the near-forgotten skill of operating the steam-driven devices. From the far reaches of Mongolia, they gathered more than 50 musical instruments, such as the horse head fiddle and the sheng (a reed organ), finely designed out of rare woods and oxenhide. And in Peking factories they found craftsmen to fashion replicas of 1,000-year-old bronze-burning clocks, while in Jiangsu province they communicated "dragon boats" in racing games. By March of this year, all was ready. The glass container bins were loaded aboard ships in Shanghai Distribution Toronto. This week, the Ontario Science Centre (OSC) will open its doors upon one of the grandest exhibits of traditional Chinese science and technology ever to cross the Great Wall. China's 7,000 Years of Discovery will afford the projected one million visitors who step into the OSC's Great Hall over the next six months an unprecedented glimpse of Chinese inventiveness.

Equally unprecedented is the epic Chinese-Canadian collaboration behind the opening. It all began in 1980 when the Chinese decided to model their planned new science museum in Peking on the Ontario Science Centre. Members of the Chinese Association for Science and Technology agreed that the Science and Technology Centre, as the museum is to be called, would do well to adopt the participatory, hands-on over-

view for which the OSC has become renowned. But a shortage of funds prevented the Chinese from purchasing desired duplicate copies of some of the centre's exhibits for their museum opening. In an inspired bid for co-operation, John Tuzo Wilson, OSC's 35-year-old director general, proposed a mutually beneficial solution. "It suggested that if they would put together a historical exhibit of traditional Chinese science, we could house the show and share the profits," explains Wilson. "The Chinese would get their exhibits and we would retain a coop."

Many potential visitors may well be surprised by the technological feats pioneered by the ancient Chinese. Three hundred and fifty years before Gutenberg gave Europe the printing press, oriental scientists had produced movable type such as that displayed in the

A time-sensitive seismograph predicting shaken inventions by 1600 years



show. Visitors will encounter evidence that it was not Bailey who first discovered the dragon star in 1935, but an unknown Chinese astronomer in 340 BC. The Chinese had developed gunpowder, or "fire-crackers," as early as 700 AD. And the exhibit reveals that when European troops were still relying on the catapult and bows and arrows, Chinese warriors were overpowering enemies with invention rockets and powered muskets. Early technological instruments were also painstakingly decorated. A seismograph, dating from 132 AD, one of the most accurate artifacts on display. Shaped like a Götter arm, the piece is faced with dragons' heads. At the slightest tremor, the jaw of each beast will fall open, causing a tiny ball lodged within to drop into the waiting maw of a bronze frog. So accurate is the instrument that Chinese geologists could detect earthquakes hundreds of kilometres away.

In keeping with OSC philosophy, the exhibition encourages visitor participation. Eighteen craftsmen, selected from workshops and communities throughout the People's Republic, will demonstrate everything from ancient methods of bronze-casting and paper-making to silk and pottery production. Oldsters will struggle with the artisans, carving their own seals, fashioning woodprints, or trying their hand at calligraphy.

The science lab approach works as well in the China show that several institutions in Canada and the United States, including the prestigious Museum of Natural History in New York, are considering housing the display. The expert, musician Tuzo Wilson, proves his old thesis: "Better than watching things is watching people. Better than that is doing it yourself." And in the Great Hall, as paper is transformed into flying dragons, as a worm spins the silk thread and as a lamp of clay emerges as a delicate bowl, it seems obvious that the art of "doing" has never been a secret in China. ☐

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BOOKS

Scenes of estrangement

THE BLACK QUEEN STORIES

by Barry Callaghan
(Editor & Origin Designer, ISBN)

Poet, translator, editor and literary personality, Barry Callaghan now offers his first collection of brilliant, evocative tales, each one set amid the neighbourhoods and areas of downtown Toronto. Examined separately, the displays of stylistic ingenuity and formal invention have received careful attention. Experienced readers, their effects are powerful, a dense texture of skewed lines, surprising metaphors and precise urban imagery.

There are no grandiose in the book, although some of the turns of plot are bizarre. The people are not friends, nor are they merely the victims of metropolitan squalor and paranoia, although the shapes their troubles take can be weird. These characters are trapped in their alienation, attempting to speak of what matters among the silence of estrangement, doubt or suspicion. As Callaghan renders these moments of connection and disconnection—between young people and their elders, between casual acquaintances, friends, sexual partners—they are at once devastating and painful.

In many of the stories there is desertion or absence, a father, a mother, a lover disappears from someone's life, to leave a scarred emptiness, a kind of homelessness for the future. Signs of authority—teachers, cops, priests—embolden the rules and structures of society, the laws which between order and chaos, mystery and routine, between the men and women live and those they long for. "So strange," says an aging doctor in *Deadly Road*, "the way we become what we have shared." One of the strongest of these leads is Callaghan's city itself: old houses and obscure bars, late-night restaurants, the streets and back lanes his characters travel.

Callaghan employs a range of techniques in the 14 stories. He is adept at the rhythms of voices, evident in narrative constructions and his imagery, though not blaring, versus isolated patterns. He presents the black queen herself—playing card, woman—in several guises, but in particular with questions of love and sex, with the interiors of houses and matters of desire.



Callaghan, peering beauty and sadness

The pressure of these details is cumulative. Thus an image such as "black umbrellas suddenly blown up and inside out by the wind, up into the air like huge black cutlery," from the final story in the book, can work both as specific observation and evocative metaphor.

This concluding piece, *Black Music*, is the longest of the lot and perhaps the best. About Mohr, a mate for all of his 30-year period, is searching for "a word that'll open up between me and what's out there on the other side." Callaghan knows his prose deftly, affirming Mohr's inner voice with the words of the world he can't reply to. In his mother's death line him know at last "the word of love spoken," but presently, "his didn't have it," was his voice. He had never heard his voice.

The Black Queen Stories is finely controlled work, shot through with notes of passing beauty and piercing sadness. Callaghan delivers his insights, opens up his characters, creates mood and scene, with understated skill. The book adds a rich full chord to his polyphonic reputation. —DORCAS HILL

Writer on the ascent

MAN DESCENDING

by Guy Vanderhaeghe
(Macmillan of Canada, \$28.95)

"Sometimes I feel entirely disconnected from what I do. It's a kind of estrangement of the modern age." So writes the narrator of *Man, Down*, and *Man, Up*, the last story in *Man Descending*, Guy Vanderhaeghe's first collection. In this impressive debut, the author demonstrates an unwavering sharp eye for such realities, whether sprouting from the age in which we live or having their source within ourselves. In these 12 sto-

ries, whose settings range from rural Saskatchewan to the 30th-century-day Toronto, Vanderhaeghe uses elegant plotting and trenchant, sometimes biting, dialogue to create a memorable gallery of characters.

In *Goats*, the narrator is an over-the-hill insurance agent, Billy, whose slightly older brother is a superstar jack with a double-digit IQ, a killer smile and the perceived favouritism of their father, a snarling father and son are sharply drawn, and Billy's voice is genuinely at risk and scorching as it seeks to be the edges of the story appear at first to be the one in which the boy's father descends to the crime and the lower jail into which Billy is almost thrown for an offence committed by his brother. But, an emotionally powerful final scene between Billy and his father gives the title

only one point in the story does Charlie act directly. He leaves a tied-up mouse in the burgundy and accidentally splits its back with a stick. Realizing the mouse will die, he wrings its neck. The mouse of the encounter, which takes place in electrically charged midwinter heat, are beautifully sketched.

But when the boy, who has witnessed a beating, is called to bear witness in the climax—to act again—we are treated to an analysis review of what has gone before, as if it made any sense. What it meant—Vanderhaeghe doesn't seem to trust himself to have made us feel the implications.

This penchant for explaining at the heart of the narrative undermines a number of the pieces in the book. As a result, Vanderhaeghe appears stronger in the development of his narrative



Vanderhaeghe on impressions about with elegant plotting and biting dialogue

a sudden added twist of suspense which jolts the reader into seeing the whole story again through different eyes.

Equally effective, though with a strikingly different tone, is the title piece. *Man Descending* chronicles the events of a New Year's Eve party that precipitates the final breakdown of a marriage. Vanderhaeghe has an ear for the small squabbles and petty victories of daily confrontations, whether between husband and wife, as here, or, in *Downing Deer*, between an adult man and his knowledge, buckering over-burdened capacities and bones.

In fact, the only significant problem revealed in this impressive debut is that Vanderhaeghe doesn't seem to exhaust good good by. The frequently beautiful prose, in a sense, is a punishment to spell out his point in black capitals in the opening pages. The writer, we are shown a far-reaching power struggle through the eyes of Charlie, a misanthropic 11-year-old. At

rather than at their resolution. He draws us in by hedges he bet at the climax of some of the stories.

Aside from this general point, there are really only one or two lullabies in the book—and these are interesting failures. One piece, *Wish I Could*, from *Goats* reads like a narrator named Vander Elst, describing his Belgian father's nervous breakdown in post-war Saskatchewan. The choice of name is in vain, as perhaps too explicitly, to view the material as family history, it may be a consequence of this that the tone of the story is forced and essay-like—an unsuccessful attempt to create some distance from the subject.

But his sense clearly is an experiment in skill and verbiage on the part of a writer who is checking out different ways to fly. *Man Descending* with its felicities of language and characterization, launches a writer whose ascent is likely to be well worth tracking. —GUY GARDNER KAT



Best sellers at the supermarket

As printing costs spiral and computer technology undermines the written word, publishing entrepreneurs are casting about for the cheapest application of Gutenberg's invention. In recent weeks an ingenious solution called *Moby-Bank* has been quietly introduced in North American supermarkets. The brainchild of U.S. publisher Norman Goldkind, *Moby-Bank* pledges to deliver four best-selling titles a month at the bargain-basement price of \$2.95 each. Bound individually in magazines, the books will be produced in a single run, printed on recycled paper, and sold at a loss. "We're not selling by the dollar," says Goldkind. "People may not buy an *Atlantic* paperback at \$2.95, but we expect they will pick up *Moby-Bank's* reprint."

Maple's oak's plan is not to read the paperback crowd but rather to convert the student's four out of 10 people who read magazines to best-seller books. To this end, 200,000 copies of each title will be mailed to check-out counter racks, stored squarely at Maple-Dunbar's largest auditorium—where again 18 to 36 in the first months, large doses of romance fiction such as Lois Lowry's *For the Win*, Annemarie and Mary Lou's *A Pride of Lovers* will predominate, sprinkled lightly with such self-help books as *The Beverly Hills Melancholy Diet* and a Wallace thriller, *The E Document*.

For publishers, the possibilities are endless. "We hope Map-A-Book will create a new market," says Bantam Books President Louis Wolfe. "I'm for anything that gets people interested in



reading." To date, at least six heavy-weight publishing houses have signed reprint agreements, including Simon & Schuster, St Martin's Press and Doubleday. For them the gamble is small: a book won't appear until at least six months after the paperback release and titles will only be on display for one month.

Even with the half-year lag between editions, Goldfinch is adamant that *Map-A-Book* will not become a clearing house for books that failed to live up to their

best possible endorsement. He notes with pride that May-Blood earned the rights to *The Beverly Hills Medical Diet* (for \$90,000) three months after its release and while still on the best-seller list. However, there are other titles being recycled in addition to Diet. May's titles include a reprint of the four-year-old *An Uncovered Woman*. May-Blood's cover slogan may scream "Big Bestsellers Every Month," but it doesn't guarantee they're from this year's list. And the much-touted author's profile is nothing more than a jacket-size biography with a huge photo.

Galileo, busy chasing down new titles, is undaunted by such criticisms. Indeed, he appears beyond repenting, envisioning the day when *Man-of-Book* will attract a bidding Sidney Sheldon or Judith Krantz to publish first-run works. But for the small band of literary agents organizing new markets for their clients, *Man-of-Book* needs more investigation. In the words of Nancy Gelbort, Toronto agent for the likes of Timothy Findley and John Primmer, "It's a wait-and-see attitude."

—CATHERINE BOND, with files from
Nicholas Jewison.

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— **Abstract**

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- 7 Fugues and Words, *Fredley* (2)
- 8 Bodily Harm, *Edward* (2)
- 9 How I Spent My Summer Holidays,
Whitely (2)
- 10 The Rebel Angel, *Dennis* (2)

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- 2 The Holy Blood and the Holy Grail, Baigent, Leigh and Lincoln (4)
- 3 Juan Paredes's Workbook Book, Paredes (1)
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- 7 Conquestors, Treadwell (2)
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- 10 The Game of Our Lives, Gosselin (2)

(2) *Peridroma* leaf-wood



Bacon, Rourke, Stern and Plesner (in 17 in right) like shots of each other eating

The restless dreams of midnight's children

DINER
Directed by Barry Levinson

Diner is a dream of a movie, with hardly a false move or a wrong note. Beautifully written by Barry Levinson (also making his debut as a director), the movie concerns itself with six young men in their early 20s who are on the verge of a new emotional era. These, too, is on the verge of a great social shift. Diner is set during the Christmas holidays in Baltimore, 1959. The movie may be the best ever made about male friendship: we're led into the rituals, then deeper, all the way to its epiphanies. Few other movies are as lighthearted and as wise as this one, and few capture you so comfortably in their recreated world.

The young men in Diner are at an age where they are trying to figure out what to do with their lives, or else settling down. Their friendship finds its furthest and most beautiful focus at a late-night eatery called Falls Point Diner, where they crack jokes and tease each other over french fries and gravy. By the evening is finished and the women have been dropped off, their slight smiles start at the diner, an outlet for their fantasies and troubles. Facing the good immediate trouble is Boogie (Michael Rourke), a lady-killer in bed with a boozie, who works by day in a beauty parlor. Boogie's a dreamer who can't stop chasing women, but he's also the most sensitive to women and the

one in the group who's most in control. When Boogie (David Stern), the only married man in the group, has a horrible falling-out with his wife, Beth (Ellen Barkin), Boogie is there to comfort her. Boogie is disillusioned with men; he's over his talk with Beth about anything and he grows on his fear of the future to Eddie (Steve Guttenberg), who is getting married on New Year's Eve. Eddie's wife-to-be has to pass a merciless football trivia, can before he'll marry her, he feels they'll have something in common if she does. And Boogie is especially worried about his

Barkin and Stern: subtle and incisive



virginity. Billy, the good student of the pair (Timothy Daly), has returned from another city to be best man and finds that his girlfriend is pregnant. Everyone, except for the level-headed Model (Paul Riser), is running scared, feeling smothered by all the upcoming decisions and responsibilities.

The most scared of all is the redneck Pawlik (Kevin Bacon), who drinks too much and plays such nasty games as undermining and setting in the crib at an outside church crèche. From a rich family, which has more or less disowned him, and living on a trust fund from his grandfather, Pawlik is Sebastian Flyte from *Bend Sinister* landed in Baltimore.

Each of the characters in Diner is subtly and incisively conceived by Levinson, and the actors have rounded them out. They have helped on their own behavioral idiosyncrasies (such as a recurrent statement, speech pattern or facial movement) to the point where you feel you've known them for years. All the performances are outstanding, yet none were to be singled out. It would be, oddly enough, when Diner is a real movie, Ellen Barkin. As the not-too-bright but well-meaning and eternally hopeful Beth, Barkin gives the kind of performance that makes you shake your head in wonder. When she asks Boogie, "Do you think I'm pretty?" the line has a poignant inflection to it. With her heavy-lidded eyes and tentative manner of moving, Ellen Barkin poetizes the pain ordinary people feel, and it goes right to your gut.

Diner goes to your gut, too, and it never indulges in easy cynicism. Levinson never sets up situations he lets them play out naturally. The scenes in the diner are like existentialist notions that really work. Other moments, such as when Eddie and Billy cut loose in a strip joint, go right to the ceiling. Diner captures both dimensions of starting out in the "real" world after school: the ecstatic joy of not having left adolescence quite behind and the growing anxiety of facing the future and saying goodbye to the diner.

Like his writing style, Barry Levinson's directing is unforced. All the events in Diner take place one another, becoming a part of a larger whole. One may remember specific scenes easily (the most hilarious bit in a movie theatre showing *A Summer Place* with Sandra Dee and Troy Donahue), but when all is said and done, one remembers the movie's overall, often midnight texture. And one remembers that quality of light when the guys emerge early in the morning from the diner. It's the color of dreams being slowly swallowed up by reality. No other American movie this year has managed anything as special as Diner. —LAWRENCE O'TOOLE

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The Gritty royal pork barrel

By Allan Fotheringham

When Dr. Fotheringham, as it ever goes good last to dump onto you in the street like this.

Without proceeding into the specificity of your ignorance, what exactly are the parameters of the topicality?

Well, I read a newspaper headline that said the signing of a proclamation by Queen Elizabeth "bolsters in a new Canada" etc. "Pammy thing, because I don't feel any different than I did last week, except for the fact that Allan Fotheringham is still finance minister, which makes my stomach feel queasy."

What Queen Elizabeth endorsed it, actually, was a new era of Liberal workers partying.

The Queen would do that?

No, innocent one. The Queen doesn't know about such things, belonging to a foreign country. But she was used, so that eldest republican Pierre Trudeau has been using her for some time now, 14 years, if memory serves, for his own dreams and ambitions. The reason he invited her in the first place was to rub René Lévesque's nose in the dirt, that's what his role today these days when he grows tired of rubbing John Turner's nose in the dirt.

I'm lost. What's that got to do with pork barrel?

Look. The Ottawa airport is the conventional weekend hotel like a convention of retired Grit cabinet ministers and girlfriends. The scene resembled a grotesque version of Club Med, enhanced by Ottawa's ineffable choruses.

You're not suggesting...
You've got it. The Queen was a prop to reward all those Liberal wives who will tolerate for another two years their men staying out late at night drinking at what are billed as policy resolution meetings—as long as they get a chance to gossip about what the Queen really looks like. It's the same principle as Dagwood Bumstead's gang meeting in the garage to play poker.

What does the hotel like up close?

Allan Fotheringham is a columnist for Southern News.

She looks like a dignified 56-year-old woman who has been doing the same job for 30 years and, like someone who has been doing the same boring thing for 30 years, is slightly weary of the whole frozen scene. I got the latest impression in talking to her that I should have had a base through my nose.

Why is that, pray tell?

Well, the fuss and nonsense over declaring "independent" a country that has long been independent obviously puzzled her and, naturally, made her think of all those banana colonies where a Colonel Blimp at sundown bailed



down the Union Jack for the last time and pass the gix, please.

But wasn't the fuss and nonsense necessary?

For a silent republic? Don't be daft. The Liberals, being Liberals, never do anything without a purpose. In this case, the purpose was a chance to use the frugality of the Royals as a carrot for all the upper-middle-class busybodies in the land whose wives own picture hats to buy a plane and fly to Ottawa and party. It's what keeps democracy strong.

Why didn't the Tories do this?

The Tories have been out of power so long their wives still wear crocheted tights. The only way they could get to an Ottawa cocktail party is by Greyhound. This tends to cut across in your silk frock, and the Queen would frown even more.

So you're saying the Tories are doomed because they can't stage enough Ottawa parties?

Basically, yes. The old Tammany rewards of patronage no longer go to giving contractors and people supplied with safe post office jobs. These days, politics is funded by lawyers who sue and wear mountain and will put in faithful hours doing Liberal dirty work if there is one dangling entitlement at the end of the tunnel.

And that brings?

That brings the deal by which their wives, when and read Gloria Steinem, will allow them those hours in the garage playing poker with our destiny if there is, every once in a while, a chance to fly to a gathering of Liberal drinkers in a strange city. There they can quote Steinem and compare their jogging mileage.

Don't Tories worry you?

No. They read the Brownie shiners and cry a lot. If you were married to a chap whose party had been out of power for 60 of the past 80 years, you would too.

So the hosts of politics in this country, you're saying, depends on the party brass cleverly arranging enough weekend frocks, like *Restaurants on convention*, so that the wives can have enough fun and show off their *Joshua and therefore allow their men to get into politics and spend countless boring hours talking to other men?*

You've got it, Pontiac. It's why the Liberals have isolated themselves in power for those 60 years of this century. They don't really take politics that seriously, being interested only in power and its perks, and are bored by such things as issues and policies—chasing from crypto-socialists to executive-capitalists, depending upon the Gallup poll. But they do know the secret to getting elected.

One more time, please.

The secret being the ability to either upwardly mobile silk dresses and designer spectacles at steadily timed intervals in hotel suites late as a Friday night. The husbands, the attachments, fellow.

Get thanks, Dr. Fotheringham, you've modified the justification beautifully.

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